SOUTH YORKSHIRE PENSIONS AUTHORITY

**Agenda Item**

| | | | |
|---|---|---|---|
| **Subject** | **Update on Pensions Administration Improvement Plan** | **Status** | For Publication |
| **Report to** | Authority | **Date** | 18 December 2025 |
| **Report of** | Assistant Director - Pensions | | |
| **Equality Impact Assessment** | Not Required | Attached | No |
| **Contact Officer** | Debbie Sharp, Assistant Director Pensions | **Phone** | 01226 666480 |
| **E Mail** | dsharp@sypa.org.uk | | |

## 1 Purpose of the Report

1.1 To update the Authority on the Pensions Administration Improvement Plan.

1.2 To update the Authority on a consultation opened by MHCLG on the Local Government Pensions Scheme in England and Wales; Access and Protections.

---

## 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. Delegate the response to the consultation to Officers.**

---

## 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 (ADM-001 and ADM-002) and the people risks around vacancy levels and single person risk (PEO-001 and PEO-002). 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 Executive Summary and highlights

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.

5.2 At time of writing 85% of the backlog has been cleared.

5.3 The government has launched another consultation focussed on LGPS benefits and administration. The consultation, titled Access and Protections, includes proposals on four key areas, covering Normal Minimum Pension Age (NMPA), LGPS access for councillors and mayors, academy consolidation, and Fair Deal. The Authority supports much of the proposal.

5.4 RAG status for Administration Improvement activities

| **Corporate Action 2025/28** | **Update** | **On Target** |
|---|---|---|
| PA1 – Clear the remaining Backlogs of casework and ensure arrangements in place to prevent further backlogs developing | 1st October budget agreed to reintroduce overtime to work on backlog as the teams could not clear backlogs as well as keep on top of incoming work during normal workhours. On 27 November 85% of backlog now complete. At current rates 90% should be cleared by 31 December. | At risk |
| PA2 – Plan and deliver the Valuation 2025, including increased engagement with employers. | Project running to timetable. All results sent to Employers. Consultation period on Valuation Results including Funding Strategy Statement and Pensions Administration Strategy now ended and any comments responded to. Valuation report, Funding Strategy and | Yes |

| Corporate Action 2025/28 | Update | On Target |
|---|---|---|
| | Administration Strategy all brought to this meeting under separate Reports. | |
| PA 3 –<br>Implement the McCloud Remedy successfully. | Breach reported to the Pension Regulator for failure to implement the McCloud remedy by 31.08.2025.<br>Latest software development release now captures Mcloud underpin for death cases and dependent benefits. Calculation testing still in progress on the rectification of pensioners and deferred members. Systems team working on running the rectification on full membership to give us an indication on actual members due an uplift.<br>Update from CIVICA at away day provided an update on the next release which would be in June 2026 this would capture rectification of death cases and transfers and well as BAU for transfers. The date of this release does put at risk completing all rectifications and new calculations by the extended completion date of 31.08.2026. | At risk. |
| PA4 –<br>Deliver the Data Quality Improvement | **Focus areas**<br>**TPR** – data scores submitted on time. An improvement on the Conditional results from 95% to 98% from last year. Common data score retained at 97%.<br>**McCloud** -data issues have been identified and a plan in place for correction. Some issues have been identified and sent to CIVICA for correction.<br>**Valuation** working with CIVICA to improve the extraction reports used to provide data to the Actuary.<br>**Dashboards-** AVC data cleansing being prioritised. | Yes |
| PA5 –<br>Ensure Pensions Administration software system is developed, and its functionality used to optimal effect for achieving efficiencies, to the extent possible. | Now running the latest McCloud software. Agreement given to purchase Automation software. Project in place to implement the automation. | No |

| Corporate Action 2025/28 | Update | On Target |
|---|---|---|
| PA6 – Implement the Pensions Dashboards to required timescales | Project has had a slight delay. Connection date missed due to ISP. Replacement connection date agreed as 9th December. Project still on plan to be live on the Pensions Dashboard by October 2026. | Yes |

## 6 Background and Options

6.1 The Corporate Strategy 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

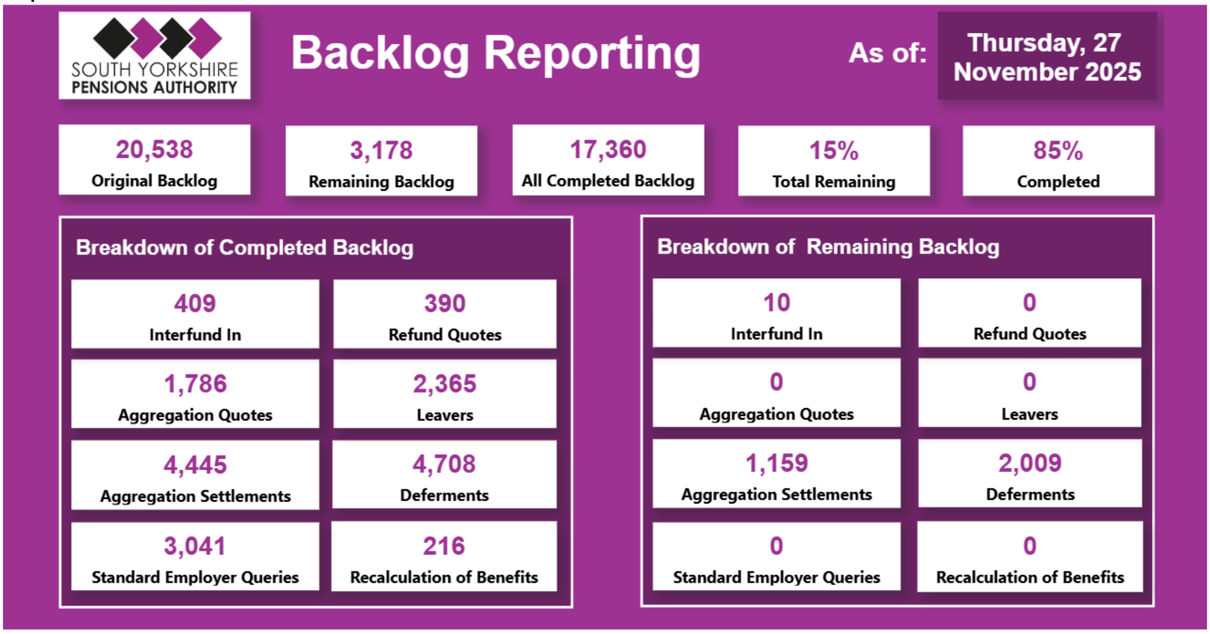
PA5 – Ensure Pensions Administration software is developed and used to optimal effect.

PA6 – Successfully link SYPA to the Pensions Dashboards

6.3 PA1 – Clear Backlogs

Progress on addressing the backlog continues with 85% 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. Overtime is again being utilised to focus on the backlog as monitoring showed more backlog was cleared using overtime than between June and September when one team, from within the Benefits Team, focussed solely on the backlog. The overtime is carefully managed to ensure all members of staff working on overtime are processing the number of cases relevant to the hours they are claiming, and that no member of staff is working too many hours.

Back log cases remaining are more complex and require more processes to be created and completed to bring the record up to date and ensure the data is clean as previously reported.




6.4 PA2 – Plan and deliver 2025 Valuation.

Employers' individual results were issued in September, alongside the Funding Strategy Statement (FSS) and the Pensions Administration Strategy, as planned. The FSS was also shared with the DfE for comment; their feedback was received, and a response has been issued.

Town and Parish Councils were consulted on the Authority's proposal to pool them this Valuation. They were provided with information on the advantages of pooling, and this was covered at their webinar. They were also given their individual and pooled contribution rates. Pooling could only proceed with majority support, which was achieved. An email has since been issued confirming the new pooled rate effective from April 2026.

Confirmation of acceptance has been received from all Employers subject to the stabilisation mechanism.

Four webinars held in October were well received, and an update on the Valuation was provided at the Employers Forum in November. No further comments were submitted during the consultation period. The 2025 Valuation report is covered separately.

To ensure employers remain informed, a Valuation Update continues to be included in the Employers Newsletter.

6.5 PA3 – McCloud

MHCLG issued statutory guidance for the implementation of the McCloud remedy in

June 2024. The guidance states that by 31 August 2025 the new underpin should have been applied to all leavers, all retrospective changes to benefits for most members (who left since 1 April 2014) should have been made, and Annual Benefit Statements (ABS) for 2025 should reflect the McCloud remedy.

The guidance did allow for the implementation phase to be extended to 31 August 2026 for specific members or classes of members. Such classes are not defined in the guidance.

Due to considerable delays with implementing the changes to functionality required to the administration software, the Authority would not be able to meet the 31 August 2025 deadlines for any class of member. This is in line with the position of many Pension Funds within the sector. Whilst this is technically not a breach, as the Authority could make their own determination to extend the deadline to 31 August 2026 for any members or class of members they haven't been able to process, the Authority was not in a position to meet any of the requirements by 31 August 2025 this was reported as a breach to The Pensions Regulator (TPR) in September.

As previously reported to comply with the McCloud remedy the Authority needs to develop a detailed implementation and rectification plan. As the Authority are aware the availability of the software is a key component in the design of the implementation and rectification plan. It will allow the teams to determine what work can be completed in bulk and what will require manual intervention. Detail is awaited on the number of members who will require a recalculation and uplift to their pension. Once these figures are available, the Authority will be able to develop a detailed implementation and rectification plan to manage the work required under the McCloud legislation. Although the plan is currently in draft form, further testing is required on the remaining administration system functionality, and the dates for when rectification work can begin will depend on the outcomes of this testing.

6.6 PA4 – Improve Data Quality.

The Pension Regulators annual return was submitted in November. The return includes the lates data scores. There are 2 scores Conditional data and Common data. This year the scores showed a notable improvement in the Conditional results, increasing from 95% last year to 98% this year. Common data score remains at 97%, reflecting ongoing data quality efforts.

Data improvement has focused on the areas covered in the data improvement plan.

- McCloud eligibility reports have identified data discrepancies which are being corrected.
- Valuation – the reports used to pass all membership data to the Actuary include errors. The team is actively collaborating with CIVICA to correct files used in these valuation extracts, ensuring accurate and reliable outputs for the 2028 Valuation.
- Dashboards – Reports have been identified that focus on errors that could affect the flow of data to the Pension Dashboards. AVC data cleansing continues.

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.

A working group has been looking at what automation is available within the software. The outcome is that agreement has been given to purchase the Automation module.

There are still concerns about the capacity within Civica, the administration software provider, to deliver developments required. A representative from Civica attended the Training and development day in November to update the Authority on how they aim to raise the confidence of their clients and improve their product.

6.8 PA6 - Successfully link SYPA to the Pensions Dashboards.

Members will recall that the Authority previously appointed its administration software provider, Civica UK Limited, as our Integrated Service Provider (ISP). Before becoming an approved ISP, all such providers are required to go through a sign off process known as the “volunteer” phase.

Civica commenced their volunteer phase back in December 2024. However, we had a recent update on their ISP connection to the Pensions Dashboard Programme (PDP), following them being required to repeat part of the process. During the onboarding phase, an external IT Health Check (penetration test) was conducted, as required by PDP. While the test passed with no vulnerabilities found, PDP identified that the scope of the testing did not meet all required criteria. This was due to an oversight in the original brief provided by Civica, to the test provider. As a result, a new penetration test was commissioned with the correct scope, which introduced a delay of several weeks to their connection timeline.

To address this, internal teams across Civica were immediately mobilised, with executive oversight, to ensure the issue was resolved with priority. They have assured us that they have also kept both the Pensions Regulator (TPR) and PDP fully informed throughout.

In parallel, Civica has implemented new governance processes to centralise ownership across operations, platforms, and information security. These changes are to ensure tighter quality control going forward.

They have communicated well over this issue. Introducing weekly webinars on the Dashboard connection progress. In w/c 20 October they confirmed that they are in receipt now of a successful penetration test and IT health check.

Because of this Civica are late connecting to dashboards but now have sign off to start connecting their clients. A timeline for the Fund’s own connection to Dashboards has now been agreed. Live connection date has been agreed as 9th December.

The deadline for all LGPS Funds to connect to the national dashboards service was 31 October 2025 however, dashboards will be made available to the public later. The PDP recognise delays in the ISP sign-off are beyond Funds’ control and have stated that provided an ISP is in the ‘volunteer’ phase, Funds working with the ISP would not need to find an alternative way to connect to the dashboards by the October 2025 deadline.

Actions completed (those completed since last report) and still outstanding are;

| | | |
|---|---|---|
| **Governance** | • Dashboards a standing item on Authority / LPB Agenda<br>• Authority and Local Pension Board adequately trained on Dashboards requirements<br>• DPIA updated to take account of matching criteria | √<br>√<br>√ |
| **Policy** | • Matching criteria agreed<br>• Data Improvement in place<br>• Backlog clearance plan in place for unprocessed benefits | √<br>√<br>√ |
| **Connection** | • ISP selected and formally appointed<br>• Connection timeline agreed with ISP<br>• AVC – all decision agreed with providers | √<br>√<br>√ |
| **Record-Keeping Decisions** | • ISP selection process and rationale documented, and parties communicated with<br>• The main scheme and AVC matching criteria Policies in place<br>• All data cleansed | √<br>√<br>√ |
| **Communications** | • Early communication to members to raise awareness of Dashboards<br>• Update communication strategy to reflect Dashboards<br>• All relevant stakeholders aware of their responsibilities | √<br>√<br>√ |
| **Data** | • Assessment of quality and digital accessibility of the data undertaken<br>• Regular data cleansing scheduled; prioritising data most likely to be used for matching criteria<br>• Main scheme view data requirements that must be returned understood together with timescales | <br>√<br>√ |

## 7 LGPS 'Access and Protections' consultation

7.2 On 13 October 2025, MHCLG launched a consultation on changes to the LGPS in England and Wales. The proposals relate to access to the Scheme and its benefits and cover four main areas:

• normal minimum pension age (NMPA)

• pension access for mayors and councillors

• academies in the LGPS

• new Fair Deal.

The Government published draft regulations for comment covering new Fair Deal and pension access for mayors and councillors alongside the consultation. This is a short consultation, and a full Officer response will be made based on the following;

7.3 Normal minimum pension age

Provisions of the Finance Act 2022 mean that some LGPS members have a protected pension age (PPA). Members can only take benefits from their PPA if the pension scheme rules allow it. The Government is proposing changes that will allow certain members to continue to access their LGPS benefits before age 57 after the NMPA rises in April 2028. The four categories of members are:

• Category 1: members immediately before 4 November 2021. These members have a protected pension age (PPA) and will continue to be able to take LGPS benefits from age 55.

• Category 2: members who joined the LGPS after 3 November 2021 and transferred in benefits with a PPA from a different scheme. These members do not have a PPA in respect of their LGPS pension and will not be able to access their transferred in pension from age 55. The transferred in benefits however retain a PPA. If the member transfers out of the LGPS, the transfer value of their pension with a PPA must be identified separately.

• Category 3: members who join the LGPS after 3 November 2021 do not have a PPA in the LGPS. Their NMPA will increase to 57 in April 2028.

• Category 4: members with a PPA below age 55. No change – members who are already able to take benefits between age 50 and 55 will continue to be able to do so

**SYPA Response** - the Authority supports this proposal but does have concerns around category 2 members losing protection for service they have already transferred and may have made different decisions if this fact was known at that time. The consultation does not currently include draft regulations regarding this change. The government has indicated that they intend to consult on these regulations later this year. Hopefully they will help to provide clarity on this issue.

7.4 Access for councillors and mayors

• mayors and deputy mayors of combined authorities and combined county authorities, and mayors of single authorities (in their capacity as councillors not their role as mayors) will have access to the LGPS

• councillors of county councils, district councils, London Boroughs, the Common Council of the City of London and the Council of the Isles of Scilly will have access to the LGPS

• the Mayor of London, deputy mayors and London Assembly Members will have access to the LGPS

• mayors and councillors will be able to opt in to the 2014 Scheme, membership will not be automatic

• not all Scheme rules will apply to elected members in the same way that they apply to employees. There will be changes to the rules covering aggregation, redundancy, flexible retirement, shared cost additional contributions and awarding additional pension

**SYPA Response** – the Authority supports this proposal. Administration will be more complex because of the scheme rules exclusions for this category of member, and this may also increase software costs. The proposed start date of 01/04/2026 will pose a huge challenge to administrators and software companies.

7.5 Academies

The Government is proposing changes to the rules covering applications by academies for a direction to substitute a different administering authority:

• removing the requirement for Secretary of State consent where criteria set out in regulations are met

• those criteria will include:

- a value for money assessment in favour of the application
- a pre-existing relationship between the multi academy trust and the administering authority it wishes to consolidate into
- all administering authorities and employers involved agree to the change
- the receiving authority is able to administer the transfer effectively

• applications to the Secretary of State will still be required if the criteria are not met

**SYPA Response –** the Authority supports this proposal on the grounds that all parties **must** agree and there must be a pre-existing relationship between the MAT and the administering Authority. MATs and authorities should proceed carefully, weighing short- and long-term effects to ensure benefits exceed risks and cost. Should this approach achieve significant momentum it does pose a material risk to the Authority through the potential loss of cashflow positive employers which is an issue which is insufficiently recognised in the proposals.

7.6 New Fair Deal

Following consultations in 2016 and 2019, the Government is committed to extending protections set out in 2013 Fair Deal guidance to LGPS members and individuals eligible for LGPS membership who are transferred to a new employer when a local government contract is outsourced. The proposals are summarised below and would apply to all LGPS employers except admission bodies and higher education corporations:

• the removal of the option to offer transferred employees' membership of a broadly comparable scheme, but allowing existing schemes to continue in exceptional circumstances

• on re-tender, staff who were outsourced under existing rules and are in a broadly comparable scheme will rejoin the LGPS. Transfers of benefits from the broadly comparable scheme to the LGPS for this group will operate under preferential terms

• the option to give access to the LGPS to staff hired after the initial outsourcing

• the removal of the admission body option when a contract is outsourced, replacing it with the deemed employer route

• the organisation that has outsourced the service would be the 'deemed employer' and have continued pension responsibilities relating to the transferred staff

• the service provider or 'relevant contractor' would have some responsibilities as an LGPS Scheme employer, such as dealing with applications to join or leave the Scheme, automatic enrolment duties, ill health retirement decisions and payment of any strain cost related to early retirements or award of additional pension

• employer contribution rates would be based on the primary contribution rate of the deemed employer. This would either be fixed for the term of the contract or subject to change in line when the rate changes following the triennial valuation

• protection for members with an ongoing shared cost additional pension contribution or shared cost additional voluntary contribution contract when they are compulsorily transferred to a new employer. The Government is seeking views on different options
• a six-month transitional period during which contracts could be agreed under the existing rules rather than the new ones.

**SYPA Response –** the Authority supports parts of this proposal but there are concerns around there being no direct legal contract between the fund and the contractor. This would have to be covered by other means which are not presently covered in the proposals. Also, the proposals will not reduce employer numbers or workloads for the Fund.

## 8 Implications

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

| | |
|---|---|
| Financial | The costs from the improvements being implemented 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 that is funded from under-spends on the staffing budget arising from vacancies.<br>Costs for the ISP to connect SYPA to Pensions Dashboards will be reflected in future year's budgets. |
| Human Resources | Resourcing needs for meeting the workload requirements that may arise from changes in the Government consultation and around clearance and prevention of further backlogs will be subject to further review. |
| ICT | None |
| Legal | None |
| Procurement | An ISP provider has been procured to connect to the Pensions Dashboards programme. |

**Debbie Sharp**
**Assistant Director Pensions**