SOUTH YORKSHIRE
PENSIONS AUTHORITY

# Pensions Administration Performance Update Quarter 3 2025/26

26 February 2026

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# Highlights and Recommendations

Highlights over the quarter to the end of December 2025 include:

- SLA's - 65% of casework within target. Improvement on Q2. This is under the Authority's 90% target.
- 96% of backlog cases now cleared.
- 89% of members responding to surveys were satisfied.
- 104,338 (58%) members registered for online portal 20% logged on this year.
- 4 Appeals, 4 Breaches, 9 complaints
- 568 Active Employers (Dashboard lag being investigated)

Quarter 3, to 31 December 2025, saw further improvements to the Authority's pension administration service.

The service is working to an overall improvement plan with progress summarised in the table below:

| **Corporate Action 25/28** | **Update** | **On Target** |
|---|---|---|
| PA1 - Clear the remaining Backlogs of casework and ensure arrangements in place to prevent further backlogs developing | As at 3rd February 4% pf backlog outstanding, which includes 1 Interfund In and 869 Deferments. On target to clear by 31.03.2026. | Yes |
| PA2 - Plan and deliver the Valuation 2025, including increased engagement with employers. | Project running to timetable. Final Valuation report expected before 31 March 2026 following the recent announcement from Government regarding their requirements for Gender Pension Gap to be included in the report. | Yes |
| PA3 – Implement the McCloud Remedy successfully. | Testing had recommenced in the new year for rectification work but had to stop due to roll back of the latest install. Updates are due to system 4/4/2026 when testing will resume on the rectification functionality. | No |
| PA4 - Deliver the Data Quality Improvement | The Data Quality Improvement strategy/plan has been published. Work continues to develop and review the plan complying with the 4 key improvement areas. | Yes |
| PA5 - Ensure Pensions Administration software system is developed, and its functionality used to optimal effect for achieving efficiencies, to the extent possible. | Excluding the McCloud delays the teams have implemented several system improvements including employer Hub, phone logs and process improvements. Currently testing automation planned go live 01.04.2026. | No |
| PA6 - Implement the Pensions Dashboards to required timescales | Connected the Authority to the Money Helper Dashboard eco structure. Dashboard is expected to be open to the Public early 2027. | Yes |

The Local Pension Board are recommended to:

a. Note the contents of this report with or without comment.

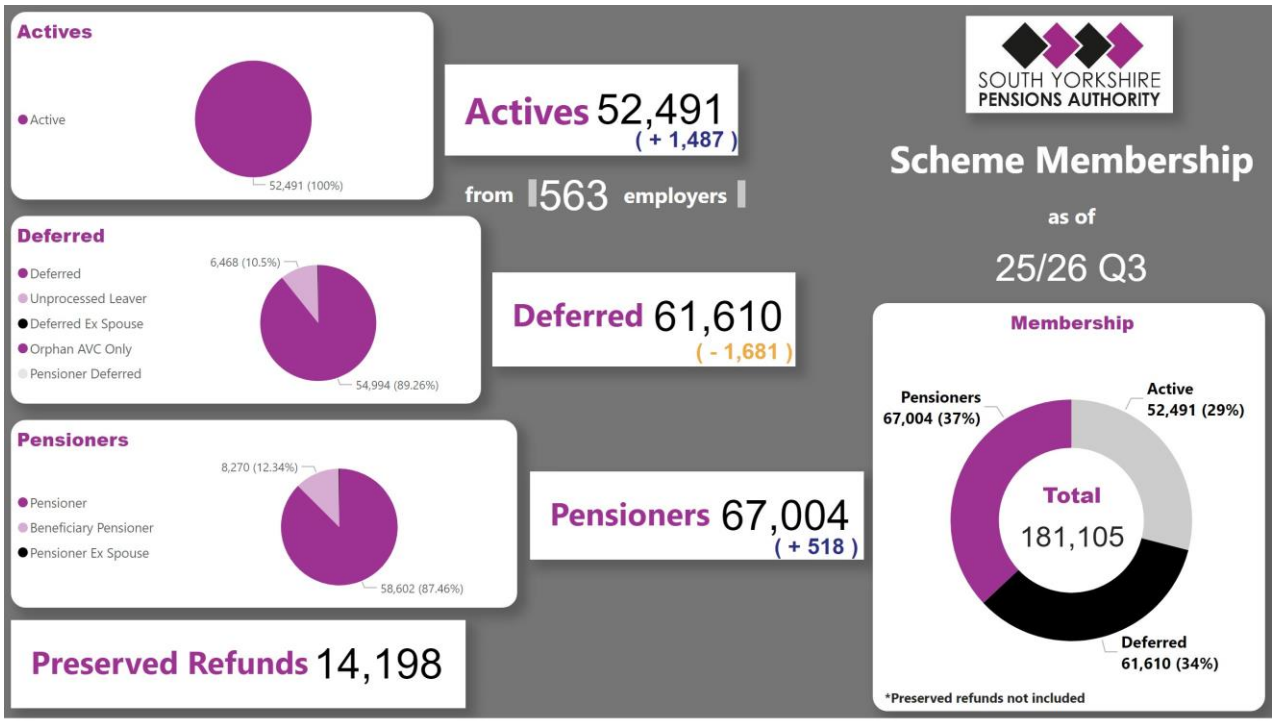
# Background

The Pensions Administration Service is the Authority's largest outward facing service managing the organisation's relationship with just over 181,000 scheme members and over 560 employers. The success of the Administration Service is crucial to the success of the organisation and this report aims to set out for the most recent quarter and the financial year to date:

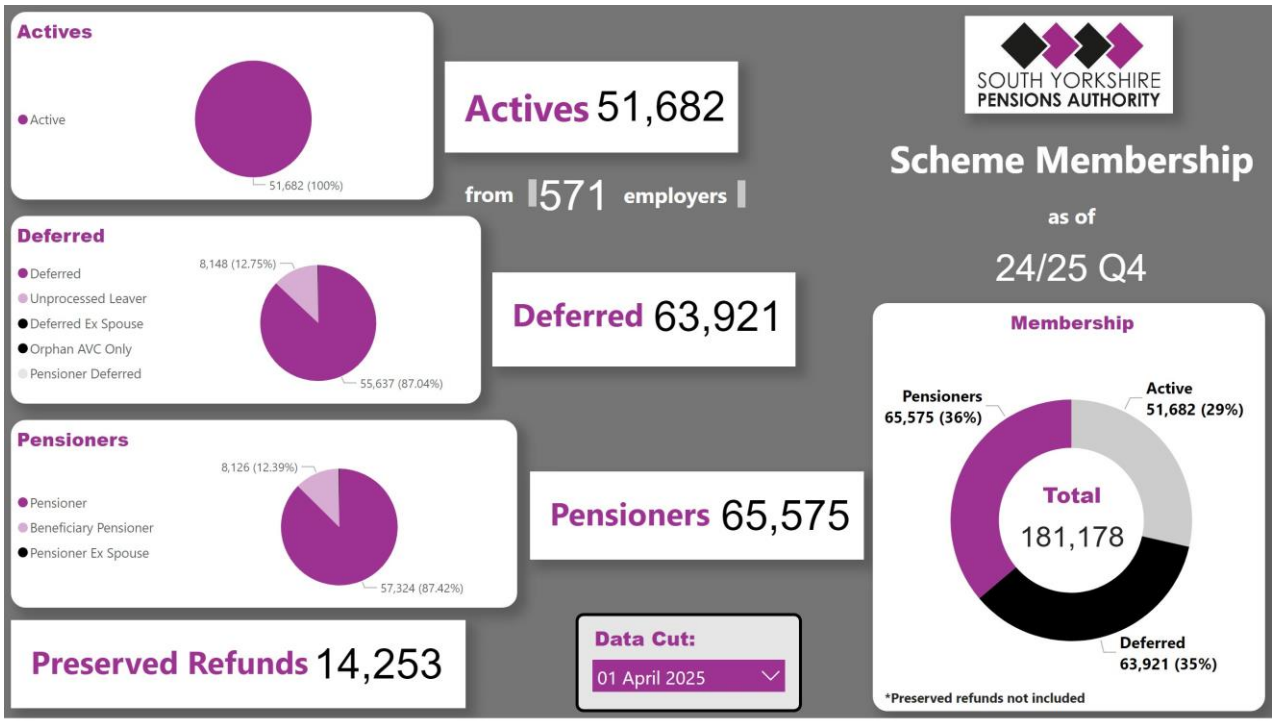
- Levels of activity related to both scheme member and employer activity.
- Levels of performance against the agreed standards
- Progress on delivering key projects and major cyclical activity
- Emerging policy issues and their implications for the Authority.

This report, like other performance information, is published on the Authority's website as well as being considered at meetings of the Local Pension Board.

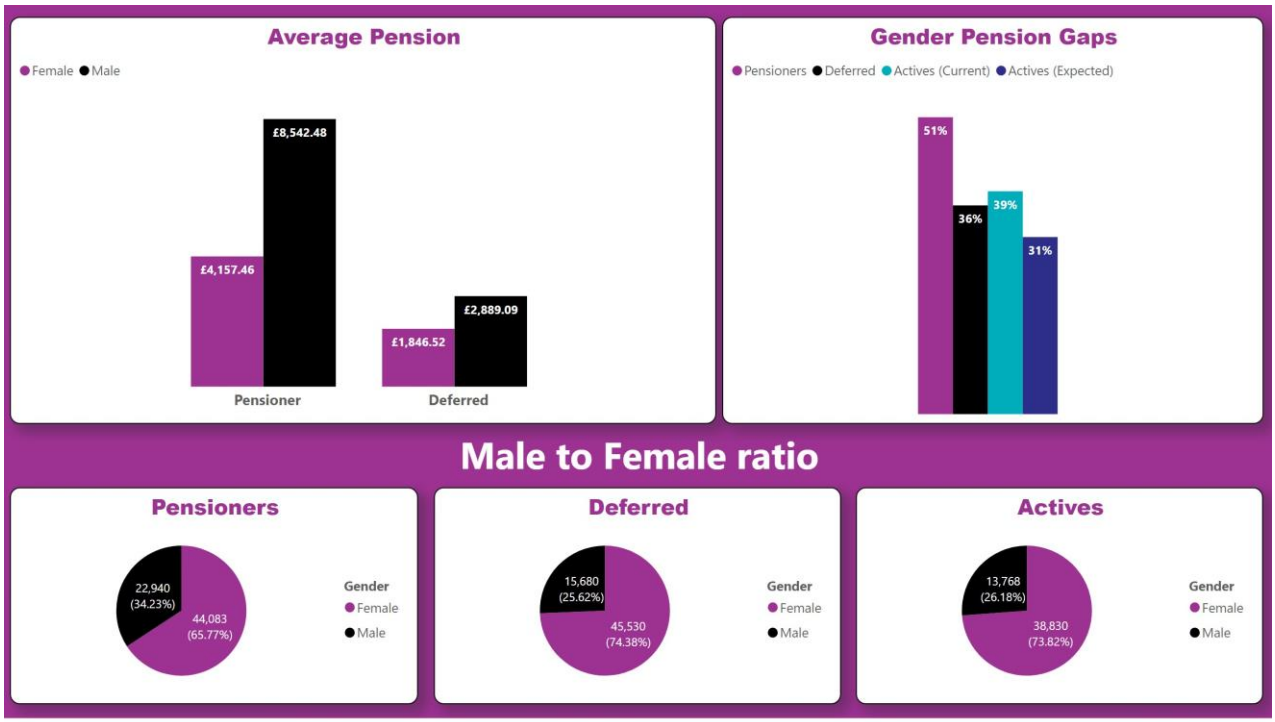
**Membership Profile at 31/12/2025**



## Membership Profile Q4 2024/25



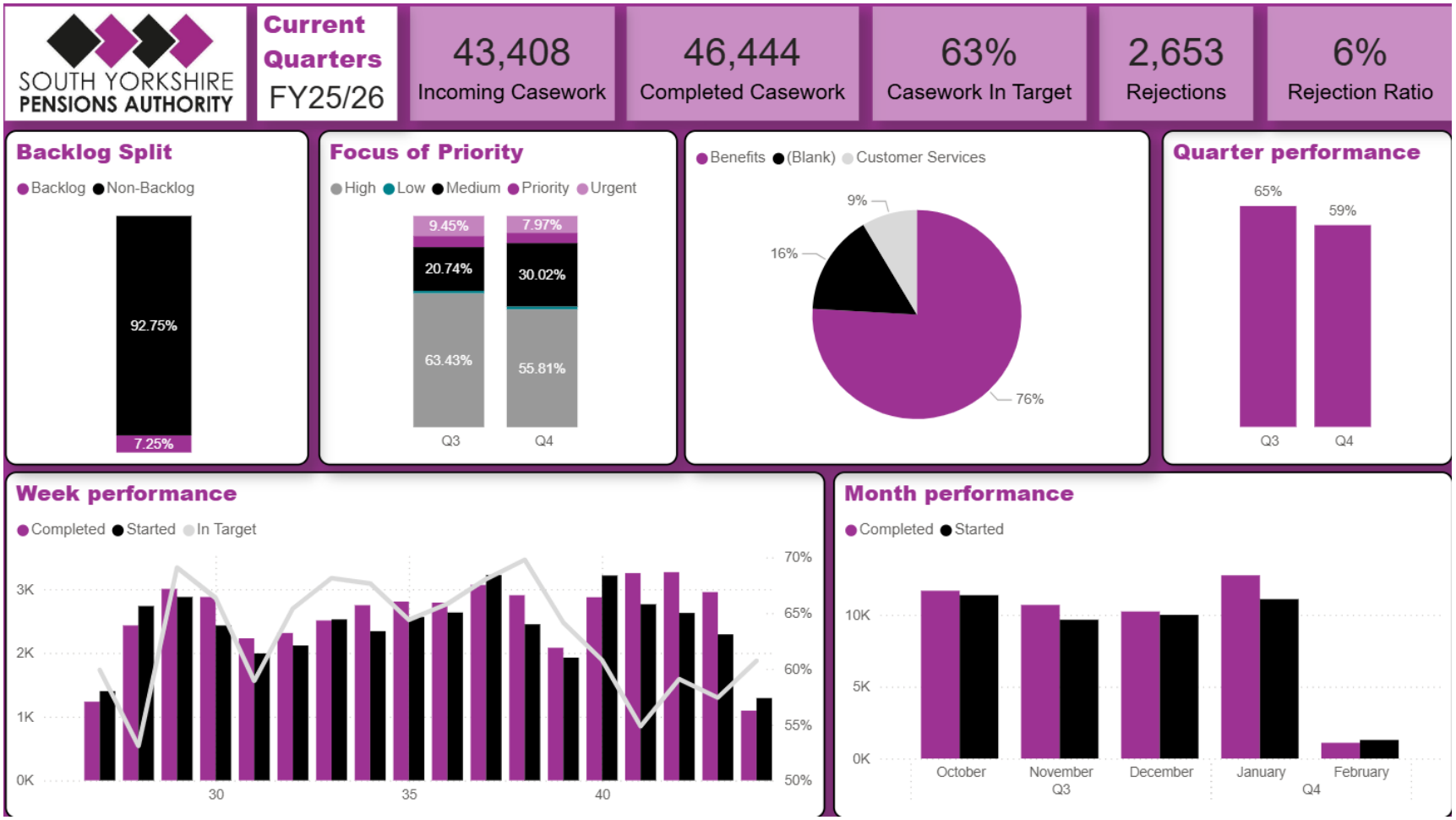

## Gender Pension Gap – Deferred and Pensioner Members



# Casework Processing

This section of the report deals with the level of casework processing activity being undertaken and performance against agreed targets. The Team have cleared 96% of the backlog, detail of which is included later in this report.

65% of casework was within target in this quarter. Which is a slight improvement (3%) on the last quarter. (63% in target across Q3 and to date).



The table below shows the number of leavers the team were notified of in this quarter together with KPI's for processing deaths, retirements, transfers, child reviews and divorce cases.

| Process Name | Total Started | Total Complete | In Target | In Target (%) | Previous quarter | |
|---|---|---|---|---|---|---|
| Death within the Membership | 892 | 879 | 500 | 57% | 56.00% | 0.91% |
| A Member Leaving the Scheme | 4,645 | 5,651 | 2,621 | 46% | 51% | -4.62% |
| Transfer into the Scheme | 699 | 681 | 371 | 54% | 52.00% | 2.48% |
| An Estimate of Pension | 656 | 718 | 536 | 75% | 67.00% | 7.65% |
| Aggregating a Member's Benefits | 9,814 | 10,157 | 5,307 | 52% | 54.00% | -1.75% |
| Retirement within the Scheme | 778 | 830 | 600 | 72% | 64.00% | 8.29% |
| Transfer out of the Scheme | 286 | 328 | 165 | 50% | 56.00% | -5.70% |
| A Quote or Settlement of a Divorce | 87 | 102 | 57 | 56% | 69.00% | -13.12% |
| Recalcuation of a Member's Benefits | 44 | 77 | 7 | 9% | 2% | 7.09% |

The Authority's target at present is 90% of casework (as detailed in Data Improvement Strategy) to be processed within target. 1st October 2025 saw the reintroduction of overtime for backlog work. The Team was also given defined focus areas. Incoming work has been building up over the year particularly around transfers and interfunds. The new ways of working are now slowly having a positive effect but of course this along with the backlog clearance work negatively affects the in-target completion rates. It is expected that completion rates in time from March 2026 onwards should start to improve. One area of work which is difficult to manage is the level of members leaving the scheme and the member movements within Employers which mean they have multiple records that must be combined ("aggregation a members benefit").

The Team is testing some system automation to help with Leavers processes. It is hoped this could go live from April 2026. It is difficult to predict the likely percentage of work that automation will help complete. Please note that the main backlog still to be cleared is old deferments so these will affect the in-target completion rate in the next quarter.

The project looking at processing target days has identified processes where the in-house targets are unrealistic compared to the way the regulations have changed and to where SYPA was 10 years ago. The McCloud remedy, as one example, has increased the complexity for several processes including Leavers. As the system functionality is delayed coping with the legislative changes there is still a lot of manual calculations being undertaken at present. The number of days within some processes have now been changed so this should show an increase of work completed in time in future quarters. One process updated was the actual Retirement member journey. This process had continued in the same way as under the Final Salary scheme rules. As the CARE scheme requires actual pay received to date of retirement, the retirement calculations will only be provided to the member once their employer has confirmed their pay to date of leaving and provided the leaver details. Member communication has been aligned with the updated processing requirements, and it is hoped that this will improve the completion within target data and reduce the number of recalculations of retirement benefits due to pay corrections received from Employers.

Please note that when processing a death, the Administration system is using up a processing day each time a process is brought out of hold, each time information is expected back from the estate and this is negatively impacting on the statistics, 57% of cases are only showing as within target this quarter. This anomaly is being investigated to find a solution.

Currently staffing isn't at a level that can keep on top of incoming work and clear outstanding work. A proposal is being explored by SMT to tackle this issue.

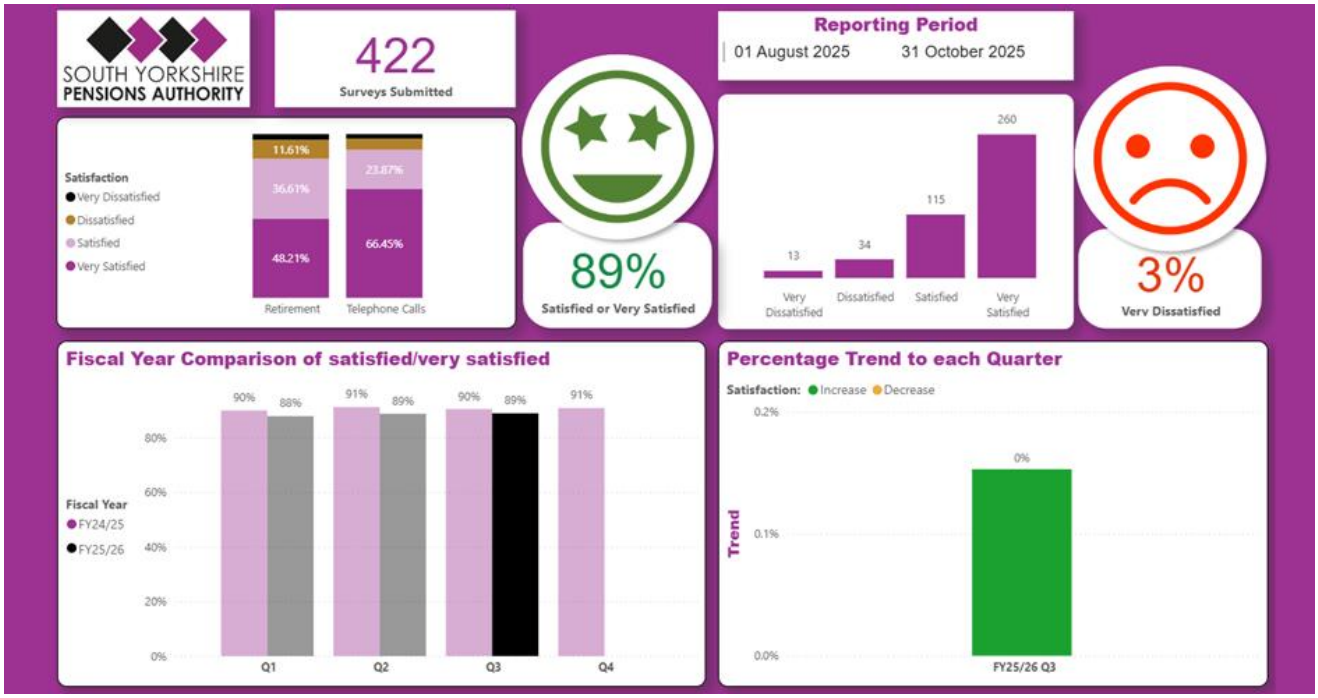
# Customer Feedback

The Authority carries out rolling surveys of customer satisfaction. These can highlight areas for improvements across the teams.

**Customer Satisfaction – Retirement Survey & Customer Centre Phone Calls – August to October 2025**

Retirement Survey sent to 606 members with an email address. Of those 112 responded (18%).

Customer Centre Phone Survey sent to 4,154 members with an email address. Of those 310 responded (7%).




Most comments received were individual to those members. However, the comments below were noted;

- Not everyone likes to go online, they like to have a real person explain and go through information too them.
- Needs a quicker response time. My issue is still not resolved even after paying a fee for a transfer value.
- Acknowledge receipt of completed form posted back to SYPA.

**Team Actions**

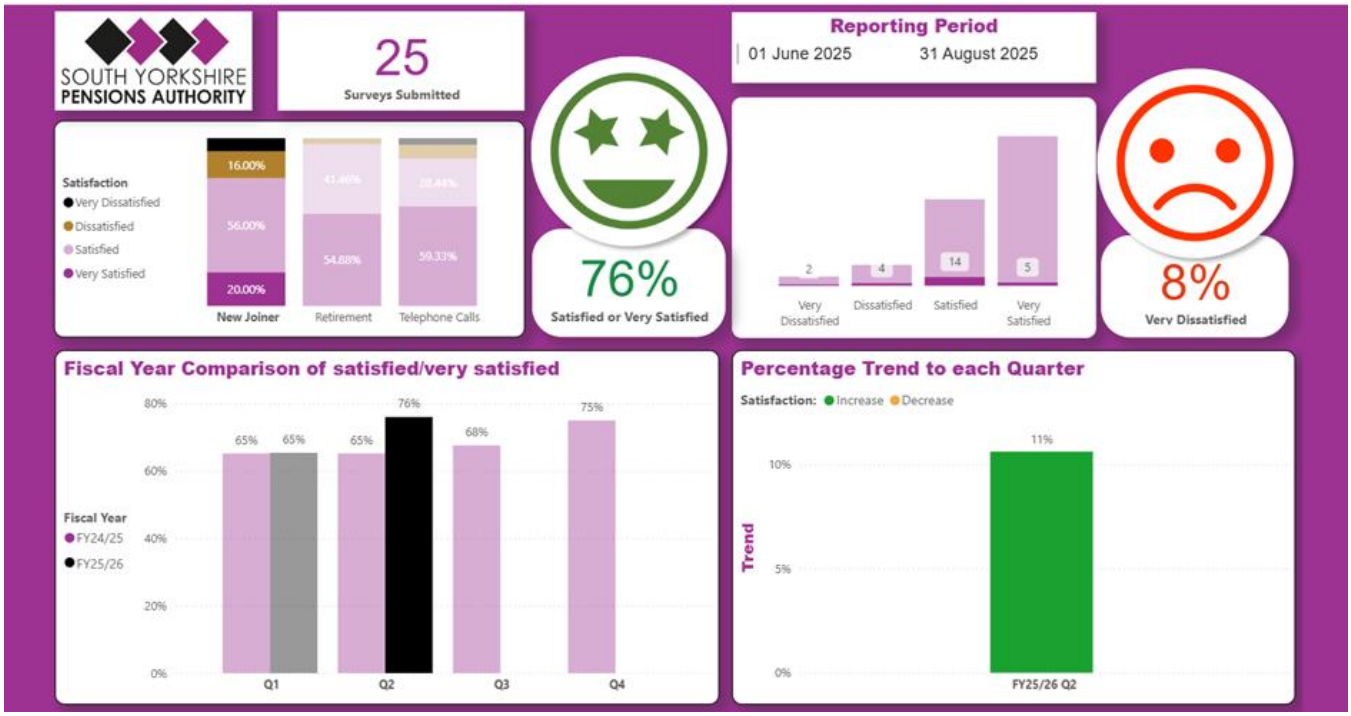
- While digital services continue to expand, the Fund recognises that some members prefer personal, one-to-one support. These members are supported through a range of alternative channels, including telephone and written correspondence, ensuring that services remain accessible and inclusive.
- We appreciate member concerns regarding timescales. Transfer value cases can be lengthy due to the detailed calculations and verification required, as well as dependencies on information from third parties. Payment of a fee covers the calculation of the transfer value

but does not guarantee immediate completion of the transfer. Fees are only charged when the member has already received a quote in that 2 month period.

- We recognise that members may value confirmation that forms have been received. However, providing written acknowledgements for all returned forms would involve significant additional time and cost. Confirmation is therefore provided through completion of the case once all required information has been received.

**Scheme Member Engagement – New Joiner Survey – June - August 2025**

1,154 members were surveyed. The survey specifically asks about the welcome email/letter, including registration of the online portal. 25 completed surveys received. Just under 2% response rate.




**Comments from the Survey**:

- I just would like to merge my pension.10 years ago when I moved schools there was a backlog and there still is.
- Just carry pensions on. It makes no sense to keep creating a new SYPA pension when people already have one.

**Team Actions**

- The Board is aware of the aggregation backlog referenced in the survey comment, which has been previously reported, including the underlying causes and the actions being taken to address it.
- In relation to the creation of multiple pension records, when a member starts a new employment, they have the option to aggregate their benefits or to retain separate pension records. The regulations state that a new pension record has to be created and the options available given to the member. In some cases, keeping records separate may be beneficial to the member, depending on their individual circumstances and scheme rules. As such, the option to retain separate pension records is given.

**Scheme Member Engagement – Customer Centre Emails**

Customer Centre Emails – "click face" Survey August to October 2025.

| Q. Overall, how satisfied are you with the service you receive from us? | | Compared to last quarter |
|---|---|---|
| Excellent | 60% | Down 5% |
| Good | 15% | |
| Ok | 14% | Up 5% |
| Poor | 16% | |
| Total Number of Respondents | 76 out of 8,587 emails sent | |

**Comments left from members who rated the service as poor:**

- I was not dealt with quickly enough.
- It did not fully resolve my query.
- Having to sign up just to read an email from a service I may never use is very annoying

**Team Actions**

All members who rate the service poor and leave their contact details, are contacted and offered help to resolve any issues.

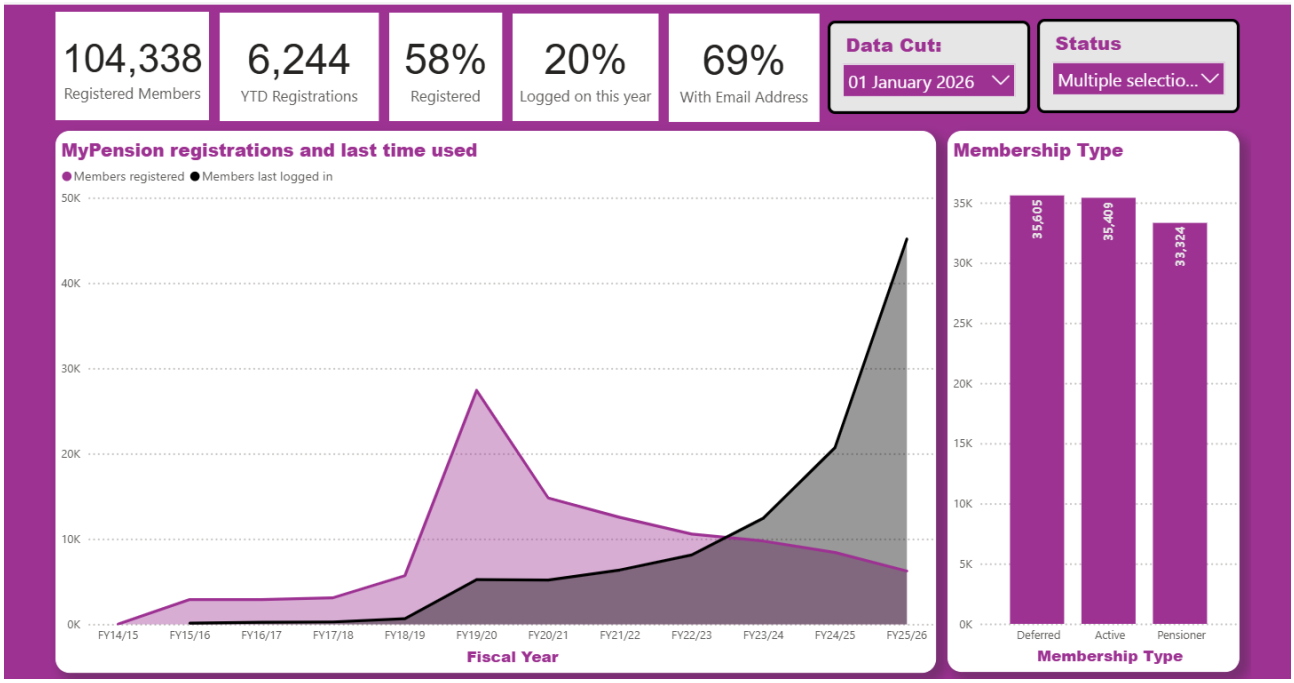
**Processes Completed by the Customer Centre**

| Completed | In Time | | Out of Time | | Total | |
|---|---|---|---|---|---|---|
| | May to July 25 | **Aug to Oct 25** | May to July 25 | **Aug to Oct 25** | May to July 25 | **Aug to Oct 25** |
| **Total Processes** | 5,624 | **5,887** | 1,116 | **1,011** | 6,740 | **6,898** |

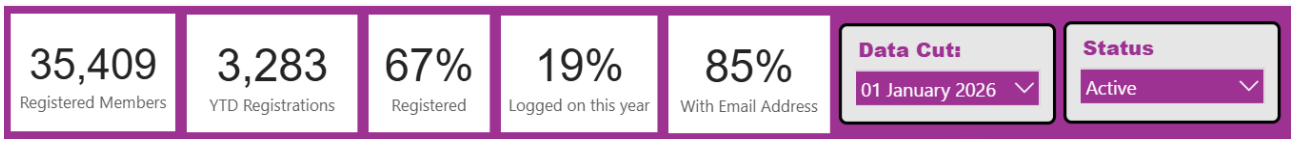
**85%** processes completed in time for the period August to October 2025, **up by 1.6%** from last quarter.

**Member Engagement – online portal**

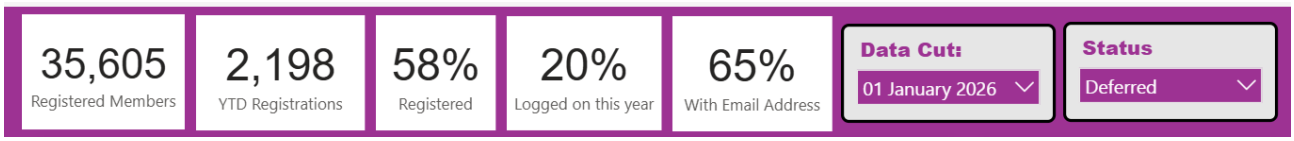
All scheme members (regardless of status) are encouraged to sign up to the online portal. There was a total of 6,244 new registrations in the quarter to the end of December 2025.



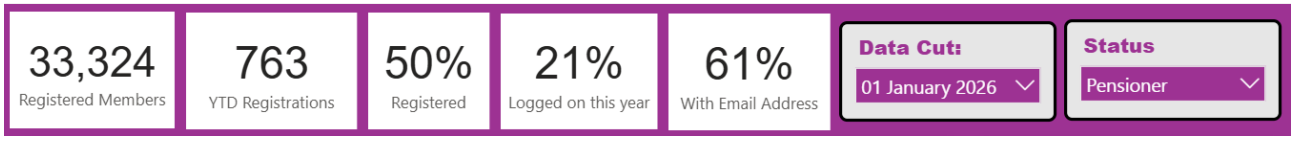

## Active Members




## Deferred Members




## Pensioners



# Appeals Breaches and Complaints

The Authority deals with a number of appeals, breaches & complaints each quarter. Below is a summary of the cases that have been dealt with or that are currently outstanding. The on-going column includes any appeals that are still been investigated from previous quarters.

**Appeals**

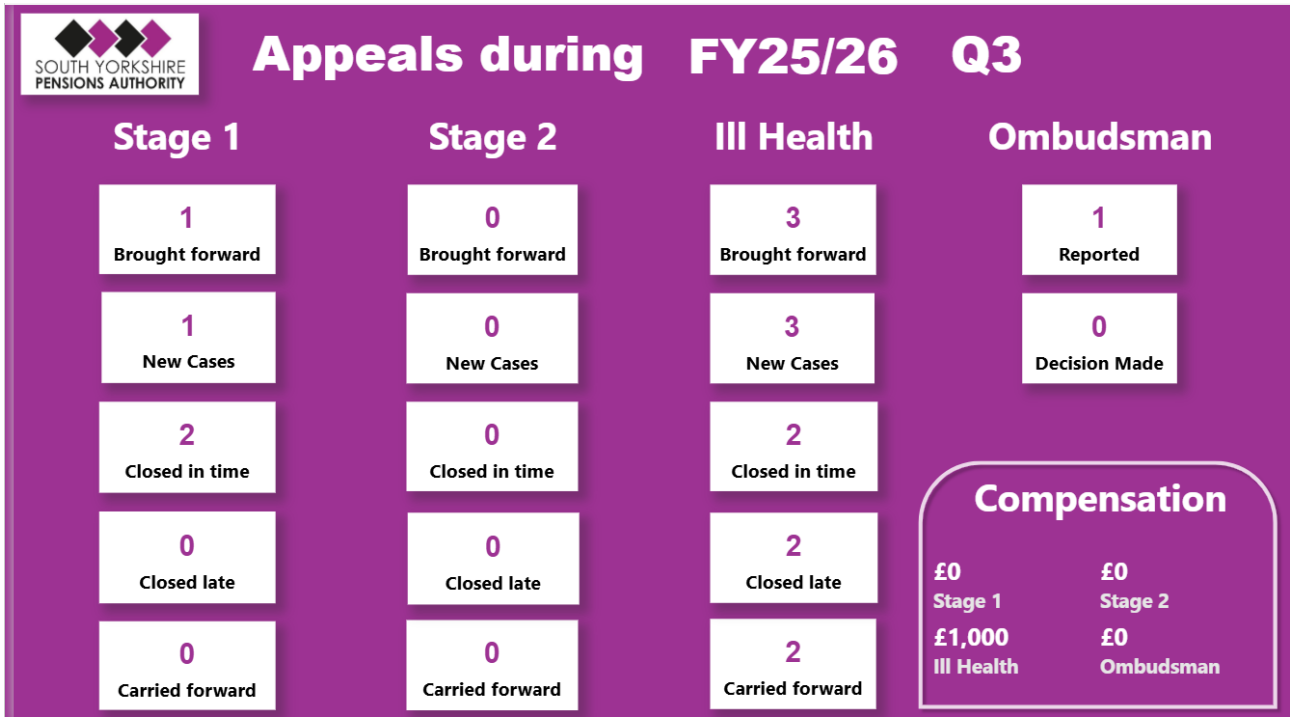
**1 stage 1** Not accepted as IDRP
**0 Stage 2** None received in quarter

| Stage | B/F | Received | Rejected | Upheld | Not Upheld | On-going |
|---|---|---|---|---|---|---|
| 1 | 0 | 1 | 1 | 0 | 0 | 0 |
| 2 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 0 | 1 | 1 | 0 | 0 | 0 |

**Ill-Health Stage 2 Appeals:** 3 New Ill-Health appeals were raised in Q2. These are generally in relation to the level or non-award of ill health pension by the employer. With the amount of stage 2 decisions being returned to the Employers, training is being undertaken with employers in this area. This was also raised as an issue with the larger Employer Finance Directors at the FD Summit in January 2026.

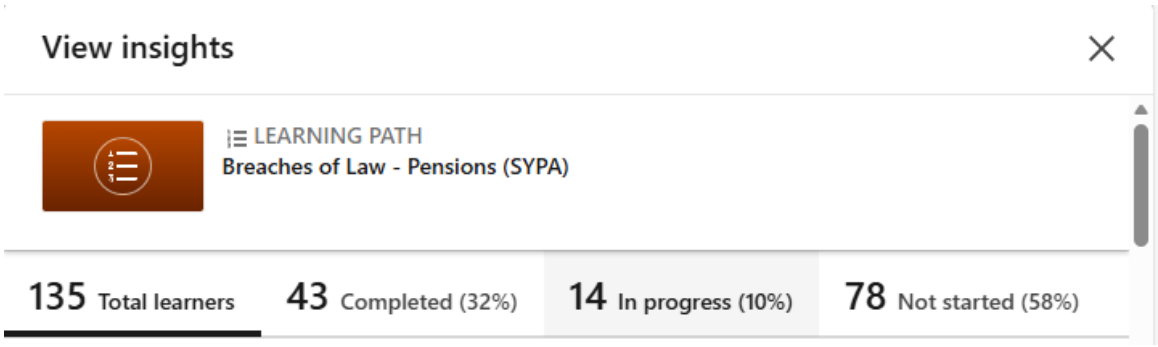
| Stage | B/F | Received | Rejected | Upheld | Not Upheld | On-going |
|---|---|---|---|---|---|---|
| 1 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 | 3 | 3 | 0 | 3 | 1 | 2 |
| Total | 3 | 3 | 0 | 3 | 1 | 2 |

1 case - £1,000 compensation awarded (payable by the Employer).

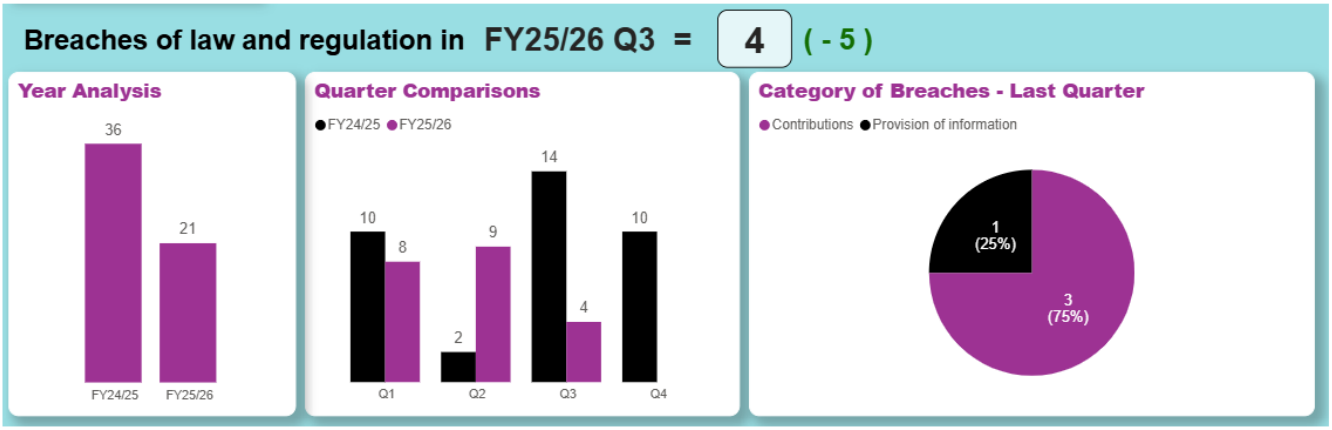



**Breaches**

Breaches training for all staff, which included staff reviewing the Policy, has commenced January 2026, all staff have till 31/3/2026 to complete it. Completed at 06/02/26:



Dashboard created for reporting on breaches:




Q3- 4 Breaches recorded;

3 Breaches due to refund being paid after 5 years

1 Breach Non compliance and lack of engagement in employer contribution collection.

**What is a breach?**

A breach of the law is when a legal duty which is relevant to the administration of the scheme has not been, or is not being, complied with. It can encompass many aspects of the management and administration of the scheme, including failure to do anything required under overriding legislation, applicable statutory guidance or codes of practice. Examples include but are not restricted to;

• Failure to maintain accurate records.

• Failure to act on any fraudulent act or omission that is identified.

• Failure of an employer to pay over member and employer contributions on time.

• Failure to pay member benefits either accurately or in a timely manner.

• Failure to issue annual benefit statements on time or non-compliance with the Regulator's General Code of Practice.

Non-compliance with the Local Government Pension Scheme (LGPS) regulations can encompass many aspects of the management and administration of the scheme, including failure:

• To abide with the LGPS Regulations.

• To comply with the Funds policies and procedures (e.g. the Funds Statement of Investment Principles, Funding Strategy Statement, Administration Strategy or Communications Policy).

Who is responsible for reporting breaches?

The following are responsibility to report breaches (known as Reporters):

• Members of the Authority.

• Members of the Local Pension Board.

• Any person who is otherwise involved in the administration of the scheme: including all officers of the Authority.

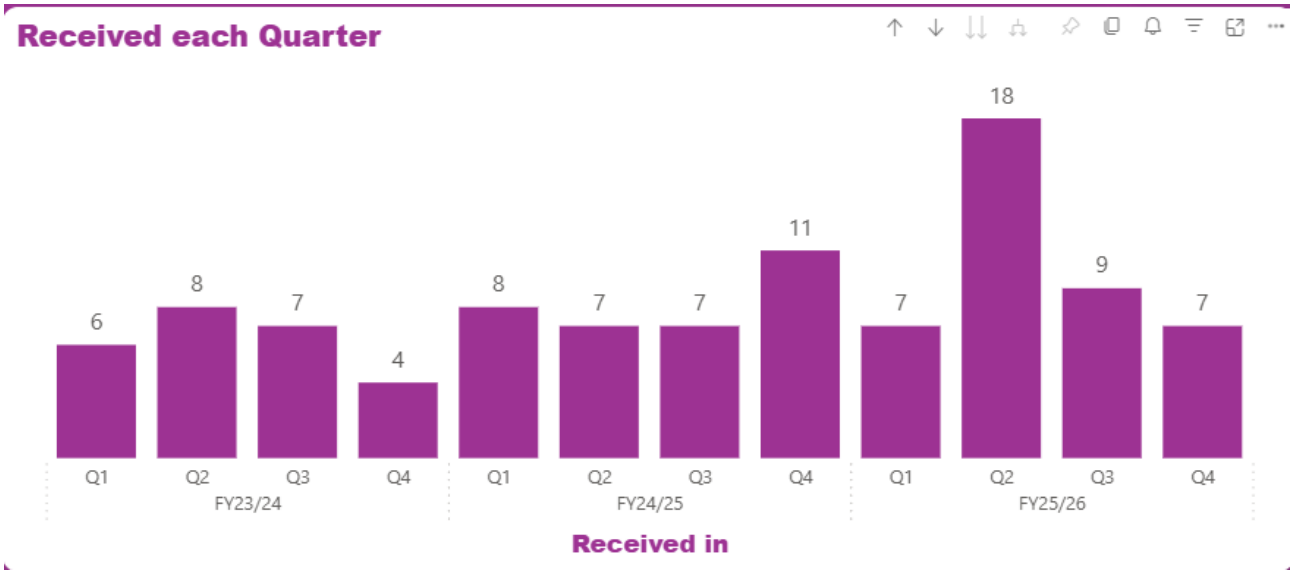
• All participating employers in the scheme.

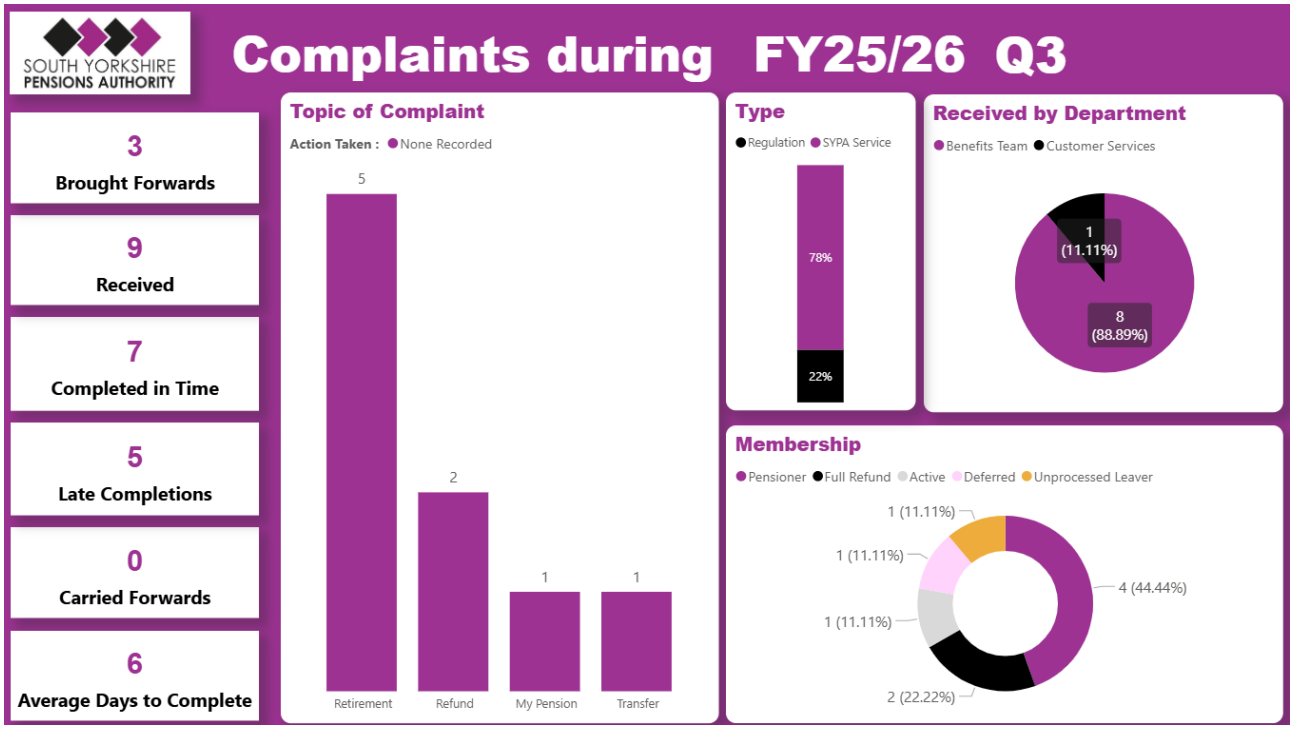
• Professional advisers: including auditors, actuaries, legal advisers and fund managers

• Any other person otherwise involved in advising the managers of the scheme.

Reporters are required to take a pro-active approach to the identification, management and reporting of all breaches that have occurred, or are likely to occur.

## Complaints



**Pension Ombudsman Cases**

The ombudsman has 8 ongoing cases that require resolution here is a summary:

6 x IHR ongoing

1 x incorrect ABS ongoing

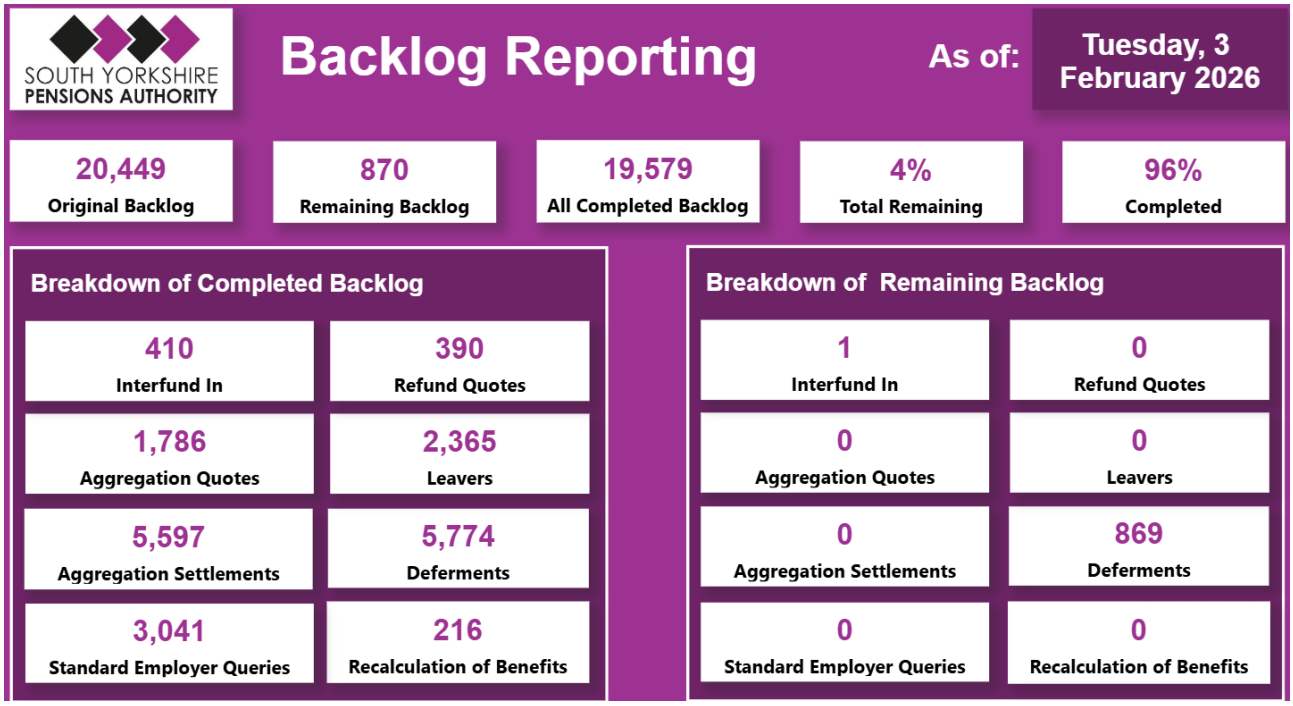
1 x transfer out (this was previously raised in 2023 but aborted. New process started in December 2025)

# Progress on Delivering the Administration Improvement Plan

This section of the report deals with the progress being made on addressing the historical challenges facing the administration service. Some improvements are reported on under major projects.

## PA1 - Backlog

As of the 3 February there was 4% of the Backlog remaining. Down from 19% at the last report.




Back log cases remaining are getting more complex as we start to look at just the remaining old Deferments. This is being focused on to try and clear by the end of February with help from BAU work in benefits team and some remaining overtime. This has increased the likely hood of this backlog being cleared by 31 March 2026.

## PA4 - Improve Data quality.

### The Pension Regulator (TPR)

The General Code requires that we assess our data at least annually. This includes a data score of our Common and Scheme Specific data. This score was submitted to TPR in November 2025 as part of the Annual Return.

The data scores submitted for 2025 were 97% for Common Data and 98% Scheme specific. This was an improvement (in Scheme Specific) from 2024 where the scores were 97% and 95%.

Biggest data improvement affecting this score was the volume of GMP errors cleared which was around 3000+. Maintaining this score forms part of the data improvement plan.

### Data Trend Dashboard

As part of our improvements to Authority data improvement monitoring and tracking the team are undertaking work with the performance management team to capture management information on a Dashboard. A Proof-of-Concept document has been agreed and the Dashboard being created that should provide Data Trends and track improvement of known errors identified by the in-house DART tool. Phase 1 is scheduled to be ready in April 2026.

### Data Quality Improvement Plan

The data quality strategy was developed and published. We have developed a data improvement plan for separate activities, including end of year data cleansing, queries arising from the valuation and Pensions Dashboards projects. We use our inhouse data reporting tool to help us to monitor the presence, quality and format of data and this helps us to determine further steps needed as part of specific data improvement activities.

## PA5 - Making Best Use of Technology

The steering group is meeting quarterly to ensure all teams are aware of Pension Administration system developments (via software releases), improvements and testing. Release dates and guides are shared across the teams so all teams are aware of when developments are being introduced that may affect their day-to-day work.

A working group is now testing the Automation capability within the software at present. It is hoped to go live with phase 1 April 2026. Excellent collaboration is taking place and staff are ‘excited’ to see how this module can contribute to improvements in processing work within time and reducing resources required for certain processing tasks which should free up that resource to work on other areas of change being introduced by Government.

Employer Hub has been improved, and we are now utilising the most up to date capabilities in this area.

There are still concerns about the capacity within Civica, the administration software provider, to deliver developments required. Please see the update on the McCloud project for further detail. The software provider continues to be challenged on their development pace.

# Major Projects

This section of the report deals with the progress being made on the various major projects with the service is undertaking in particular*:*

**PA3 - McCloud**

After several delays, the latest release of McCloud functionality is currently being tested by the Authority. It went into the test environment on 4/2/2026.

McCloud Rectification Plan is attached at **Appendix B**. This plan is being monitored and updated as we work through the testing.

The remaining software update is due in June 2026 which will capture the remaining rectification work. This will need to be tested, training planned and delivered and released in LIVE environment for the deadline of 31/8/2026. There is a risk therefore that not all rectification cases are undertaken by the extended deadline.

**Dashboards**

Integrated Service Provider – Connected to the Dashboard

Civica have connected the Authority to the Money Helper Dashboard. We have received confirmation of the Pensions Regulator (TPR).

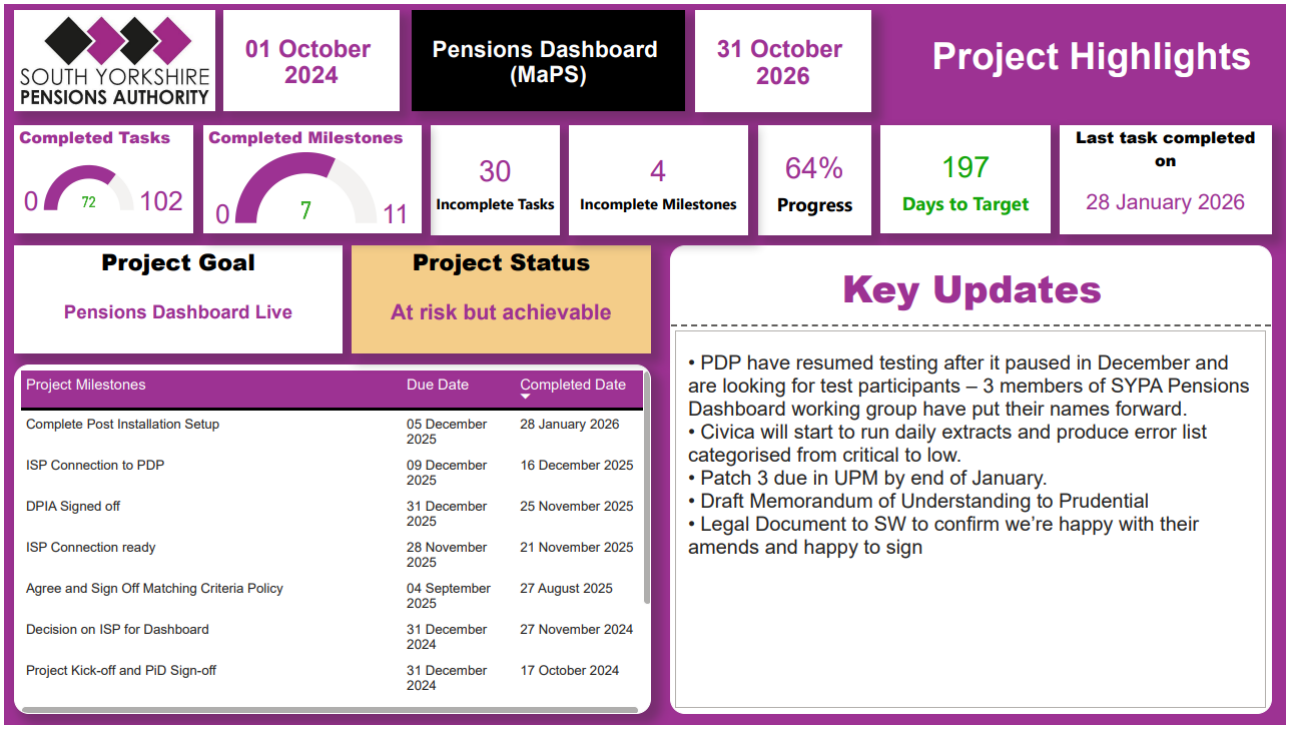
The deadline for all LGPS Funds to connect to the national dashboards service was 31 October 2025 (however, dashboards will not be made available to the public until a much later date).

In September TPR discussed the Authority's Dashboard readiness with Authority Officers. There is a follow up call due on 13 March 2026.

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

| | | |
|---|---|---|
| **Governance** | • Dashboards a standing item on Board Agenda<br>• 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 | √ |
| **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>√ |

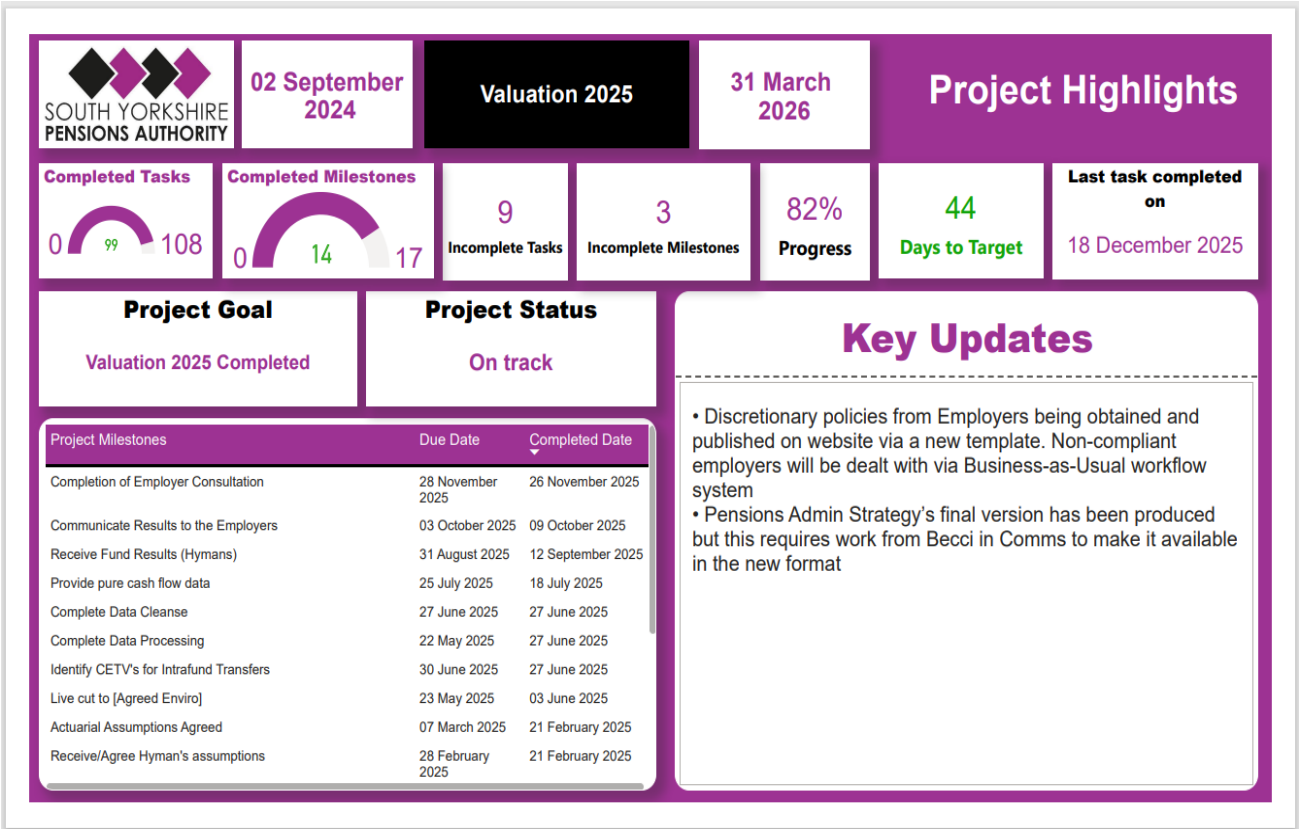



# Cyclical Activity

This section focuses on progress with significant cyclical projects including:

**PA2 - Valuation 2025**

Project is running to timetable. The Authority approved the Valuation Report, Pensions Administration Strategy and Funding Strategy Statement. All to be published on 01/04/2026.




**Annual Benefit Statements**

100% of Annual Benefit Statements for Active Members and Deferred Members were produced by the Statutory deadline of 31/08/2025. 21% did not include the McCloud information. This was covered by the determination by the Authority to extend the McCloud deadline to 31/08/2026. However as no underpin information could be included in ABS or any rectification undertaken rather than just some the Authority did report itself to the Pension Regulator.

| Member | Number issued | McCloud Protections | % |
|---|---|---|---|
| Active | 49,030 | 15,407 | 31% |
| Deferred | 53,767 | 5,833 | 11% |
| **Total** | **102,797** | **21,240** | **21%** |

**Pension Saving Statement, Annual Allowance, 2025**

| | |
|---|---|
| **Cases needing investigation** | **82** |
| **Pension Saving statements issued** | **18** |

82 Annual Allowance processes were undertaken off the back of the ABS run. These members needed to have investigation undertaken on their records. In some cases, there were data issues which resulted in them looking like they had exceeded the Annual Allowance when they hadn't. These records were corrected.

18 Pension Saving Statements were issued all on time for the statuary deadline of 6/10/2025.The remaining members upon investigation their growth was under the £60K annual limit.

The HMRC statutory reporting was submitted before the 31 January deadline.

Cases that are generated by an Aggregation taking place (records needing to be combined) are being dealt with in a timely manner overseen by the projects team in the benefits team.

The Authority did highlight around 3 years ago that there was a Backlog of Annual Allowance cases. The backlog has been cleared, a thorough process put in place and the project is now an annual Business as Usual project run under a controlled Project methodology.

This process has undergone a recent Audit and a substantial rating was given with no implications found. This is a great achievement by the current team.

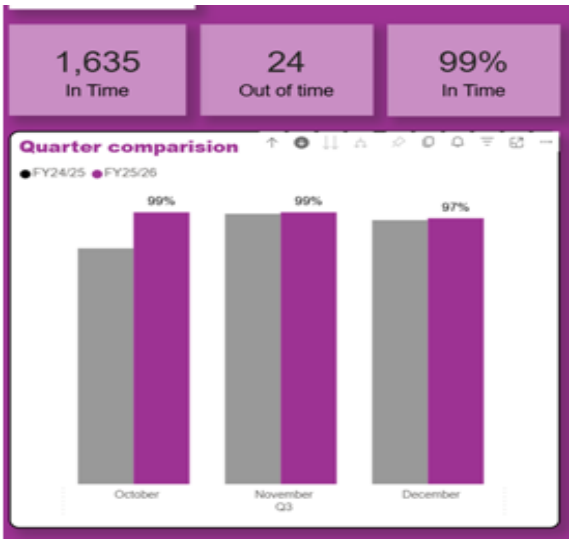
# Employer Activity

**Fund Employers**

| | |
|---|---|
| Employers as at 30 September 2025 | 570 |
| | |
| Admissions:<br>Schedule Body<br>Contractor (TAB) | <br>2<br>1 |
| Cessations:<br>Schedule Body<br>Contractor (TAB) | <br>0<br>5 |
| | |
| Employers as at 31 December 2025 | **568** |

**Timeliness of Employer data submissions**

| **Month** | % of Monthly data submissions by deadline date |
|---|---|
| October | 99% |
| November | 99% |
| December | 97% |



Good consistency of submissions in October and November, in December the file had an earlier submission date that some academies struggled to upload their data on time. The Employers kept the Fund informed of their issues though.

**Employer performance - in dealing with queries**

The McCloud automatic employer queries, for members continuing to work beyond age 65, have been included in the query figures now generated. There was a backlog of these queries, which has meant that the queries look higher than the two previous quarters. This should settle back down once completed.

| Fiscal Year, Fiscal Quarter | Opening | Received | Completed Backlog | Completed Current | Total Complete | Closing |
|---|---|---|---|---|---|---|
| FY25/26, Q1 | 818 | 1,389 | 738 | 1,139 | 1,877 | 330 |
| FY25/26, Q2 | 331 | 1,164 | 265 | 922 | 1,187 | 308 |
| FY25/26, Q3 | 308 | 1,351 | 207 | 928 | 1,135 | 524 |
| FY25/26, Q4 | 524 | 540 | 236 | 279 | 515 | 549 |

The queries still remain low for each employer when considering the size and membership.

| FY & Q | FY25/26 Q1 | | | FY25/26 Q2 | | | | FY25/26 Q3 | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Employer | Raised | Completed | Closing | Opening | Raised | Completed | Closing | Opening | Raised | Completed | Closing |
| Capita | 82 | 151 | 21 | 21 | 70 | 41 | 50 | 50 | 91 | 74 | 67 |
| [00600] Sheffield City Council | 197 | 219 | 29 | 29 | 97 | 109 | 17 | 17 | 156 | 137 | 36 |
| | 6 | 4 | 3 | 4 | 20 | 5 | 19 | 19 | 12 | 5 | 26 |
| [00295] The Chief Constable | 49 | 58 | 10 | 10 | 55 | 47 | 18 | 18 | 56 | 56 | 18 |
| [00500] Rotherham MBC | 114 | 118 | 25 | 25 | 111 | 123 | 13 | 13 | 108 | 98 | 23 |
| [00766] Abbeyfield Primary Academy | 7 | 28 | 2 | 2 | 7 | 5 | 4 | 4 | 7 | 1 | 10 |
| [00400] City of Doncaster Council (CDC) | 106 | 121 | 11 | 11 | 83 | 85 | 9 | 9 | 99 | 99 | 9 |
| [00737] Forge Valley School | 6 | 14 | 2 | 2 | 3 | 5 | 0 | | 8 | 2 | 6 |
| EPM | 12 | 54 | 12 | 12 | 32 | 32 | 12 | 12 | 11 | 10 | 13 |
| [00222] The Sheffield College | 28 | 35 | 3 | 3 | 25 | 25 | 3 | 3 | 22 | 15 | 10 |
| [00372] Greenacre School | 7 | 8 | 2 | 2 | 5 | 6 | 1 | 1 | 7 | 3 | 5 |
| [00717] Lift Firth Park | 10 | 4 | 12 | 12 | 2 | 11 | 3 | 3 | 4 | 2 | 5 |
| [00300] Barnsley MBC | 86 | 88 | 1 | 1 | 78 | 79 | 0 | | 93 | 91 | 2 |

**Current Improvements**

- A new Business Support Officer is bringing together the Administration side of the team and is producing reports to monitor not only employers but the work being undertaken with employers and recognising non-compliance.
- Recognising employers who are in difficulty and adding them to monthly catch-up meetings for support.
- Employer Focus Group continues to prove useful with the February session recently taking place both in person and online.
- Compulsory Discretionary Policies are now loaded on the employer pages of the website. Employers with no policies are being actively chased.
- Employer Hub (Phase 2) is now complete with a wide range of facilities for the employers to use including reports, improved employer quote facility and upload a document.

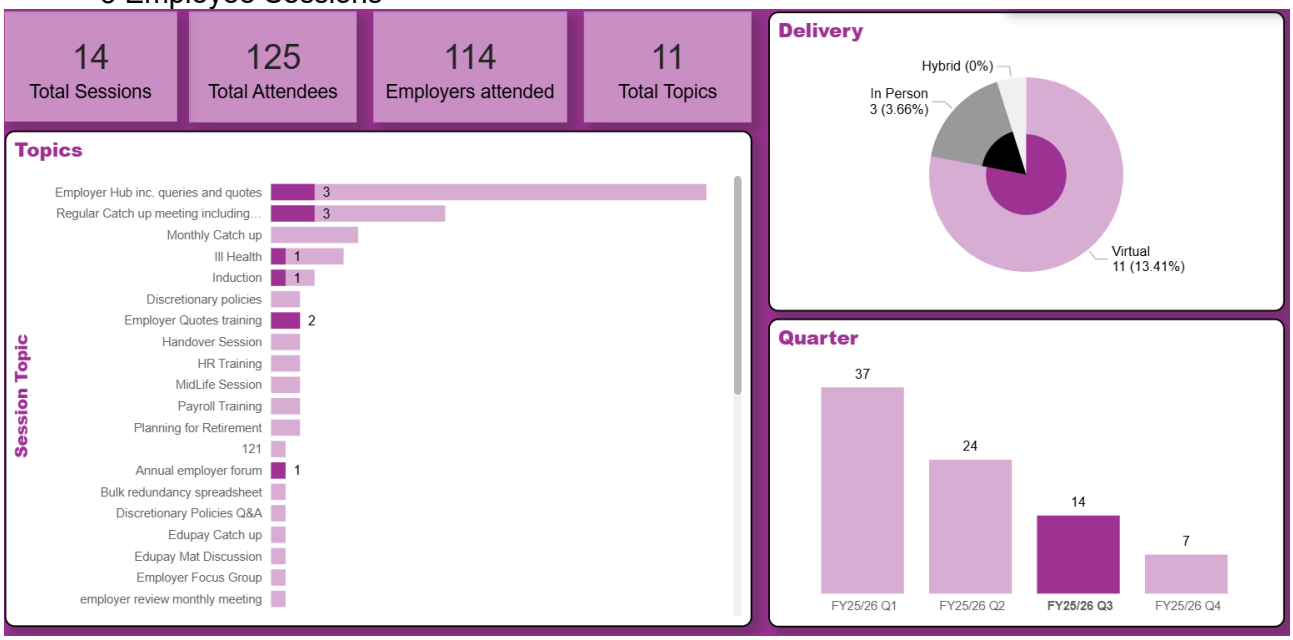
- Data quality improvement reports have been created to help improve validation of the incoming data and are still in their infancy but are already being seem to improve data accuracy.
- Investing in staff, providing training to a senior member to build on knowledge and help create guides, training and website improvements.
- Valuation results provided to all Employers.

### Improvement Plan

- Improve the EPICi system – increase Employer workflows.
- Create a Bulk Redundancy request template for Employers which will automatically create figures for all members over age 55, using the MDC information on UPM.
- Preparations to update the Employer page of the SYPA website are underway.
- Looking at the possibility of Employer League Tables.
- Improved guide for Accountancy Disclosures.

### Training / Presentations delivered

- 10 Training Sessions
- 1 Employer Forum
- 3 Employee Sessions




# Policy Developments

This section of the report summarises recent policy developments and areas of interest.

### Scheme Improvements - Access and fairness consultation

MHCLG has published its response to the LGPS in England and Wales: Access and Fairness consultation. the original consultation was covered in Q1 report – August 2025.

**Survivor Benefits** - Given the strong support for the proposal, the government will proceed with the amendment of the survivor benefit rules of the LGPS and there will be no modifications to the policy intent. The government will work with the Scheme Advisory Board to produce guidance addressing a number of areas.

**Death grants (age 75 cap**) - the government will proceed with the removal of the age 75 cut-off on death grant eligibility. To keep the LGPS in England and Wales consistent with the LGPS in Northern Ireland, the change will be backdated to all deaths on or since 1 April 2014.

**Death Grants (personal representatives**) - the policy will be implemented as outlined in the consultation.

**Gender Pension Gap** - the government intends to proceed to make authorised unpaid leave automatically pensionable but will change the threshold to 14 days. The cost of buying back unpaid leave over 14 days will be aligned with standard member contribution rates

**Pension Contributions during child related leave** - the government intends to proceed with the amendment and it will, in the same way as the proposals on child-related leave and authorised absences less than 15 days parental leave, come into effect where the relevant leave starts on or after 1st April 2026. The government intends to develop guidance alongside the LGA on matters of implementation

**Making gender pensions gap reporting mandatory in the LGPS** - The government will proceed with the proposal to use the actual lost pay method to calculate contributions. Only gender pension gap reporting will be required for 2025, not gender pension saving gap reporting, and the definition will be pension accrued to date instead of “over a typical working life”. Reporting at the employer level will not be required for 2025, and actuarial valuation reports will only need to split its gender pension gap reporting between employer category groups, as already defined by SF3 reporting. Gender pension gap reporting will not be mandatory within the rates and adjustment certificate but can be its own section within the actuarial valuation report.

Confirmation has been received from the Fund’s Actuary that they are working on adding this and the updated report will be available by 31.03.2026.

**Publication of opt-out data in the Annual Report** - The government recognises the need to clarify what data is expected, and an updated version of annual report guidance will be published. The collection of opt-out data is intended to gather evidence about the rate of opting out by people who are eligible to join the LGPS and choose to opt out, and the guidance will set out that those on contracts under 3 months, and those over the age of 75, should not be included, nor should employees who are eligible for another public service pension scheme. The government will create an online form for members to fill in when opting out, MHCLG will be the data controller. No data needs to be held by the administering authority or employer, and so there are no additional data retention requirements, just additional workload to signpost members to the form.

**Forfeiture** - the government intends to proceed with the amendment. The government believes that other existing requirements, such as the Secretary of State certifying that the offence was gravely injurious to the state or liable to lead to a serious loss of confidence in public service, act as a safeguard against employer over-reach.

**McCloud remedy** – All tidy up proposals to be implemented.

**Administrative Impact of proposals** - The government recognises the concerns about administrative impact and will proceed with a phased implementation. There will be two phases, with

the first round of changes required for the start of the 26-27 year, and the second phase later in 2026.

The government will prioritise areas where it believes there is existing discrimination. The government view is that these proposals are overdue and corrections must be made as quickly as possible to deliver equal access. The first phase will prioritise those proposals, in addition to those where it is perceived that there would be a benefit to the Scheme in earlier implementation:

- survivor benefits and death grants
- gender pension gap (unpaid absences)
- gender pension gap reporting (reduced version for 2025)
- McCloud remedy
- lifetime Allowance
- including Combined County Authorities as Scheme Employers

The government intends to implement all other proposals in a second phase later in 2026:

- gender pension gap reporting (fuller version ahead of 2028)
- opt-out reporting
- forfeiture
- all other regulation changes

Where appropriate, guidance will be developed in collaboration with stakeholders such as the Scheme Advisory Board.

**2026/27 employee contribution bands**

Table 1 sets out the employee contribution bands effective from 1 April 2026. These are calculated by increasing the 2025/26 employee contribution bands by the September 2025 CPI figure of 3.8 per cent and then rounding down the result to the nearest £100.

**Table 1: Employee contribution bands England and Wales 2026/27**

| Band | Actual pensionable pay for an employment | Main section contribution rate for that employment | 50/50 section contribution rate for that employment |
|---|---|---|---|
| 1 | Up to £18,400 | 5.50% | 2.75% |
| 2 | £18,401 to £29,000 | 5.80% | 2.90% |
| 3 | £29,001 to £47,300 | 6.50% | 3.25% |
| 4 | £47,301 to £59,800 | 6.80% | 3.40% |
| 5 | £59,801 to £84,000 | 8.50% | 4.25% |
| 6 | £84,001 to £119,100 | 9.90% | 4.95% |
| 7 | £119,101 to £140,400 | 10.50% | 5.25% |
| 8 | £140,401 to £210,700 | 11.40% | 5.70% |
| 9 | £210,701 or more | 12.50% | 6.25% |

# Appendix A – Pension Acronyms

| **Pension Acronyms** | |
|---|---|
| | |
| **Acronym** | **Meaning** |
| APCs | Additional Pension Contributions |
| AVC | Additional Voluntary Contribution |
| CARE | Career Average Revalued Earnings |
| CIPFA | Chartered Institute of Public Finance and Accountancy |
| CPI | Consumer Prices Index |
| FE | Further Education |
| FSS | Funding Strategy Statement |
| FY | Financial Year |
| GAD | Government Actuary Department |
| GMP | Guaranteed Minimum Pension |
| HMT | His Majesty's Treasury |
| IDRP | Internal Dispute Resolution Procedure |
| IFA | Independent Financial Advisor |
| IRMP | Independent Resgistered Medical Practiotioner |
| ISP | Integrated Service Provider - to support connection to Pens |
| LGPS | Local Government Pension Scheme |
| MaPs | Money and Pension Service |
| McCloud Remedy | Service since 01.04.2014 - 31.03.2022 must be recalculate present Scheme. |
| MDC | Monthly Data Collection |
| MHCLG | Ministry of Housing, Communities and Local Government |
| mypension | The member online portal where they can see their own pe |
| PI | Pensions Increase |
| PDP | Pensions Dashboard Programme |
| RPI | Retail Price Index |
| SAB | Scheme Advisory Board |
| SEQ | Standard Employer Query |
| SLA | Service Level Agreements |
| TPO | The Pension Ombudsman |
| TPR | The Pension Regulator |
| Triennial Valuation | Every 3 years the Pension Fund undergoes a valuation |
| UPM | Universal Pension Management system |
| | |

# Appendix B: McCloud Implementation Plan

1. **Purpose of the Plan** To provide a structured approach to completing McCloud remedy cases, including priorities, key stages, timelines, and oversight.

### 2. Priority Groups

The McCloud implementation statutory guidance set out the Governments' view on what order McCloud cases should be approached. They can be summarised into 3 main groups:

**Group 1:** Retirements, transfers, deaths and trivial commutations that occur after 30 September 2023, uplifts from tier 3 to tier 2 (England and Wales only) after 30 September 2023.

**Group 2:** Retrospective cases in the following order: a) A member or survivor pension in payment. b) There is no ongoing liability eg a survivor pension is no longer payable, membership has been transferred out, a trivial commutation was paid before 1 October 2023, or a death grant was paid in relation to a death that occurred before 1 October 2023 and no survivor pension is payable. c) Cases where there has been an underpin date, but no final underpin date – deferred members and active members over their 2008 Scheme (2009 Scheme in Scotland) Normal Pension Age.

**Group 3:** all other cases – active members

The table below summarises the McCloud case types and provides an update on where we are with Business-as-usual processing and the rectification work which is planned.

| | Group | Case type | Priority | BAU compliant | Rectification numbers(picking up all cases prior to 30/9/2023) | Expected start date | Expected end date | Status |
|---|---|---|---|---|---|---|---|---|
| 1 | 1- Must be done Post 1/10/2023 | Retirements from 30/9/2023 | Highest | Yes wef May 2024 | 800 | Apr-26 | Aug-26 | testing in progress |
| 2 | 1- Must be done Post 1/10/2023 | Deaths from 30/9/2023 | Highest | Yes wef 19/11/2025 | Unknown ** | June 2026 next UPM release | Aug-26 | Blocked |
| 3 | 1- Must be done Post 1/10/2023 | Transfers from 30/9/2023 | Highest | Yes• Manual Workaround introduced for Non Club transfer outs 17/05/2024<br>• Manual Workaround put in place for club transfer outs 10/02/2025<br>• Manual Workaround for Club Transfer In's June 2025" | Unknown ** | June 2026 next UPM release | Aug-26 | Blocked |
| 4 | 1- Must be done Post 1/10/2023 | Trivial Commutation from 30/9/2023 | Highest | Yes wef May 2024 | Unknown ** | June 2026 next UPM release | Aug-26 | Blocked |
| 5 | 1- Must be done Post 1/10/2023 | Uplifts tier 3 to Tier 2 from 30/9/2023 | Highest | Testing in progress | less than 10 | | Aug-26 | Testing in progress |
| 6 | 1- Must be done Post 1/10/2023 | Active to deferred after 30/9/2023 | Highest | Yes wef May 2024 | 800 | Jan-26 | Mar-26 | testing in progress |
| 7 | 2- Should be done by 31/8/2025 or 2026 with flexibility | No ongoing liability (transfer out/Trivial commutations/death grants) | Medium | Yes various dates (TV workarounds since 10/2/2025. Trivial Comms December 2025 and DG 19/11/2025) | Unknown ** | June 2026 next UPM release | Aug-26 | Blocked |
| 8 | 2- Should be done by 31/8/2025 or 2026 with flexibility | Underpin Date reached (65) but no Final Underpin Date | Medium | Yes | | Jun-25 | Nov-25 | Complete |
| 9 | 3- expected for 2025 ABS- can use discretion | All other active members | Medium | Yes wef 19/11/2025 | Active membership 51,004 Deferred 63,291 | Jan-26 | Apr-26 | Testing in progress |

### 3. Case Breakdown by Category

The latest version of UPM that is currently installed will allow us to proceed with 3/6 of the highest priority, group1 cases which are Pensions in payment Rectifications, Uplifts from Tier 3 to Tier 2 and rectification of Deferred members. We are also testing the functionality of the ABS work which is group 3.

- Rectification of pensions in payment numbers (800 made up of 404 cases produced by software needing rectification, 400 needing investigation due to data issues)
- Uplifts from Tier 3 to Tier 2 numbers (<10)
- Rectification of Deferred members numbers (800 made up of 300 deferred rectifications generated by software and 500 cases to investigate)

### 4. Suggested Planned Activity Timeline

**October 2025 to March 2026** testing of rectification. This includes the creation of letters, Guidance for staff, testing of cases, timing of cases, testing payroll and training preparation.

**Proposed date of March 2026** Updating Deferred records in LIVE to include the rectification, automated updates

**April/May 2026** Running the retirement rectification cases in LIVE environment to be completed before running Pension increase. Part of the process requires manual input.

### 5. Risks

| Risk | Impact |
|---|---|
| **Pension Increase-** Processing rectification before Pension Increase (PI) is run. The follow-on PI process hasn't been run/tested so there is a risk that Pension increase may fail on the members who have had a rectification undertaken | Pension increase not applied for members who have had rectification manual work around may be needed |
| **Annual Benefit Statements-** Unknown impact on rectification on ABS production | Decision on when to rectify benefits before or after Pension Increase |
| **Resource** – Rectification deadline 31/8/2026.<br><br>Due to software failures we haven't been able to identify all cases to be rectified (see items 2, 3,4 &7 in table above) Internal resources needed to identify these member prior to June release. | Difficult to plan and think ahead will items 2,3,4 & 7 cause greater manual work and number of cases. |

## 6. Known data issues

| Date | Issue | Raised with CIVICA | Resolved |
|---|---|---|---|
| December 2025 | Discrepancy with arrears calculation of pension payments | System team to raise ticket | No (we have a potential manual work around arrears spreadsheet supplied by another fund) |
| December 2025 | Excluded Aggregations-Code from software supply excludes cases with aggregation elements loaded. | System team to raise ticket | |
| December 2025 | Members who have original underpin applied should be investigated, not all member appearing on rectification from software supply code. | System team to raise ticket | |
| December 2025 | Members who retired with a previous final pensionable pay (bol3, E24, Ben10) don't appear to be calculated correctly | System team to raise ticket | |

## 7. Resource Requirements Retirement rectifications

The details below cannot be supplied at this time due to the testing being placed on hold for the whole of January and early February.

*To process a retirement rectification takes on average X minutes. The retirement rectification would take x people x days to complete.*

*To process a deferred rectification takes on average X minutes. The deferment rectification would take X people X days to complete.*

## 8 Conclusion

The rectification program supplied by software provider automated the deferred members, which is more than we expected.

Lots of our time and resources have been and continue to be spent on testing and preparation work.

The conclusion date for the rectification is 31/8/2026. We have another release of the software due in June 2026. We have Pension Increase and the production of the ABS work. We will reassess the plan in April at the midway mark.