

# **Pensions Fund Committee**

**25 June 2024**

## **Pensions Administration**

### **For Review and Consultation**

**Local Councillor(s):** All

**Executive Director:** A Dunn, Executive Director, Corporate Development

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**Report Status:** Public

#### **Brief Summary:**

This report is the quarterly update for the Pension Fund Committee on all operational and administration matters relating to the Fund. It contains updates on the following:

- Key Performance Indicators
- McCloud Update
- End of year Processes 2024
- LGPS Gender Pensions Gap
- Payroll Migration Update
- Pensions Dashboard
- Staffing Update

#### **Recommendation:**

It is recommended that the Committee note and comment on the contents of the report.

#### **Reason for Recommendation:**

To update the Committee on aspects of Pensions Administration.

## 1 Background

1.1 This report is the quarterly update for the Pension Fund Committee on all operational and administration matters relating to the Fund.

## 2 Key Performance Indicators

2.1 The key performance indicators are attached at Appendix 1. These are for the period 1 February 2024 to 30 April 2024. The previous quarter is included for reference.

## 3 McCloud Update

3.1 Engagement with the software providers continues, however there is no change to their proposed delivery schedule of September 2024, this would be into a test environment only. We continue to be concerned that there will be further delays.

3.2 HMRC has published further guidance on the treatment of [interest payments in regard to McCloud recalculations](#), and the consequences of [abolishing the Lifetime Allowance on the McCloud remedy](#).

## 4 End of Year Processes 2024

4.1 I am pleased to confirm that the end of year processes for 2024 are now nearly complete, with just a few outstanding employer queries remaining.

4.2 This is a huge task critical to the posting of annual CARE pension, the provision of annual benefit statements, the calculation of annual allowance and the maintenance of accurate data for future valuations and for our data quality scores.

4.3 Key statistics for the overall project are detailed below.

	2023	2024
Total number of returns processed	163	165
Total number of queries	5727	5868
Number of late returns	5	8
Number of employers with financial penalties	41	50
Total financial penalties (£)	£23,850.00	£43,750.00
Total CARE pay posted (£)	£502,135,219.86	£546,889,670.80

Gender	Average CARE Pay Posted
Female	£16,500.04
Male	£25,297.06

Total Members Posted to	29281
Total Members Left During Year	4756
Total Members with Additional Contributions	163
Total Members with AVCs	637

- 4.4 The outsourcing of payroll provision caused the most significant issues for the fund this year, with 61% of employers receiving financial penalties being schools or other education establishments.
- 4.5 CARE revaluation for 2024 of 6.7%, has also now been added to CARE pension totals, and pensions increases again at 6.7%, have been applied to deferred and pensioner members.
- 4.6 The provision of this data to the fund is not always easy for employers. We provide excellent support and training to our employers and work closely with them.

## **5 LGPS Gender Pensions Gap**

- 5.1 The Scheme Advisory Board (SAB) has undertaken work to look at the gender pensions gap in the LGPS. This includes the commissioning of two [reports from the Government Actuary's Department \(GAD\)](#). Further details are contained in the [administration report of 19 September 2023](#).
- 5.2 This work is continuing with the SAB setting up a dedicated working group of representatives from LGPS funds, employee, and employer representatives, as well as actuaries to consider next steps. I am pleased to confirm that Dorset is included in this working group and has contributed some significant data which has been of interest and assistance. Dorset Council has also assisted in the provision of this data.
- 5.3 The working group's action plan can be found [here](#).

## **6 Payroll Migration Update**

- 6.1 Work has now started to move the pensions payroll from Dorset Council SAP to the Dorset County Pension Fund's UPM payroll. This will result in one system, and negate the issues experienced over many years with having a separate payroll provision.
- 6.2 The project is being managed by the Systems and Operations Manager, who is working closely with Civica and Dorset Council to ensure a smooth transition. A draft plan has been created and scoping sessions have commenced, these will identify any issues that need to be addressed before a go live date can be agreed. A considerable amount of data cleansing work has already been completed and this will continue.

## **7 Pensions Dashboards**

- 7.1 The [National LGPS Framework](#) for Integrated Service Provider (ISP) and Member Data Services is now live, and we have requested further details, and will use the Framework to select our provider.
- 7.2 We are in discussion with the Prudential, our AVC provider, to discuss options around the provision of data to the main dashboard.
- 7.3 The Pensions Regulator (TPR) has published a '[Check your connect by date](#)' tool. This confirms that all public service pension schemes should connect to the dashboard ecosystem by 31 October 2025, and go live by October 2026 at the latest.

## **8 Staffing Update**

- 8.1 As previously reported, we have concerns about the amount of work coming into the pensions technical team later this year and into next year. Because of this, we plan to recruit some additional staff which we hope will be able to support the team with the McCloud rectification work in 2025.
- 8.2 In addition, the team has limited staff at a senior level to check and authorise payments. We plan to implement changes, initially on a temporary basis, to address this issue which directly impacts the KPIs.

## **9 Financial Implications**

N/A

## **10 Climate Implications**

None

## **11 Well-being and Health Implications**

None

## **12 Other Implications**

N/A

## **13 Risk Assessment**

- 13.1 HAVING CONSIDERED: the risks associated with this decision; the level of risk has been identified as:  
Current Risk: N/A  
Residual Risk: N/A

## **16. Equalities Impact Assessment**

N/A

## **17. Appendices**

Appendix 1 – KPIs (1 August 2023 to 31 October 2023)

## **18. Background Papers**

[LGPS Regulations 2013](#)

[The Local Government Pension Scheme \(Amendment\) \(No. 3\) Regulations 2023 \(legislation.gov.uk\)](#)

[Public Service Pensions Act 2013 \(legislation.gov.uk\)](#)

[Gender Pension Analysis \(lgpsboard.org\)](#)

[LGPSGenderPensionsGapNextStepsReport22062023.pdf \(lgpsboard.org\)](#)