Pensions Fund Committee
2 June 2025
Pensions Administration

For Review and Consultation

Local Councillor(s): All

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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
- LGPS (Miscellaneous Amendments) (Member Benefits) Regulations 2026
- End of Year Processes
- McCloud Update
- Pensions Increases 2026
- Employer Movements

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 01/02/2026 - 30/04/2026. The previous quarter is included for reference.

2.2 Cases completed increased over this period due to data cleansing ahead of the bulk processes for McCloud, and regarding errors as a result of this work being done. In addition, approximately 2,000 additional work items were created because of the abolition of the Lifetime Allowance and the requirement to convert to the new Lump Sum Allowance.

3 The LGPS (Miscellaneous Amendments) (Member Benefits) Regulations 2026

3.1 The LGPS (Miscellaneous Amendments) (Member Benefits) Regulations 2026 came into force on 1 April 2026. The regulations implement the first phase of the Access and Fairness proposals. Details of the changes were outlined in the last Administration report (17 March 206). Below is a summary of where we are currently positioned with each of the main changes implemented. Further details can be found in LGPS special Bulletin 276.

3.2 Under the Disclosure Regulations, we have a statutory responsibility to inform members of any material changes to the regulations within 3 months, so by 30 June 2026. The National Communications Working Group has provided template disclosure wording. For deferred members, this information will be included in the Annual Benefit Statement (ABS) newsletter, due to be issued by 30 June. For active members we will issue a notice by post, and pensioner members were notified in their annual newsletter sent with the April 2026 payslips.

3.3 **Death Grants** for pensioner members – the age cap is now lifted, effectively providing a ten year ‘guarantee’ for all pensioners regardless of the age at death. Previously, no death grant to be paid to a pensioner who died after the age of 75, even where they had been in receipt of their pension for less than 10 years. This change is back dated to 01 April 2014. We have started work to identify members who may be entitled to a death grant under these changed provisions. Initial results suggest this will benefit less than 100 members.

3.4 The primary issue will be in identifying and contacting personal representatives in order to pay any sum due. In some cases, there may be a spouse. Other potential issues are complications with tax, and where estates have been closed. In all cases, these payments as they are made after the age of 75, will result in tax being deducted from any death grant paid.

3.5 The work we are doing for this we are doing outside of the system with manual updates to the pension record and payroll as it is not expected that system changes will be provided by our software supplier until the summer/autumn 2027. This is an area we feel we can address before the provision of updated software. The same will apply to any new deaths.

3.6 **Equalisation of Survivor Benefits** – which applies to final salary benefits only. As the scheme has evolved, changes to partner benefits have changed at different times. This has resulted in some inequity of dependents pensions paid. These changes will result in equalisation of dependents pensions; the change is effective from 1 April 2014. There is work to be done in identifying impacted members and recalculating any dependants pension due.

3.7 The changes apply to survivors of;

- Opposite sex marriages and same sex civil partnerships: deaths between 5 December 2005 and 31 March 2026
- Same-sex marriages: deaths between 13 March 2014 and 31 March 2026
- Opposite-sex civil partnerships: deaths between 31 December 2019 and 31 March 2026
- Cohabiting partners: deaths between 1 April 2008 and 31 March 2026

3.8 Software changes are required for this exercise. Statutory Guidance is also expected which will include a timeline for completion, expected to be by 31 December 2027. However, in anticipation of the challenges in tracing potential beneficiaries, the guidance will state 'best endeavours, and we will not be in breach if we are unable to comply.

3.9 Our software supplier has indicated that these updates will not be available until the summer/autumn of 2027, we are in discussion with them and are waiting for clarity on delivery times.

3.10 There are a lot of technical aspects to this, it's currently one of our most complex areas and we won't be able to do this outside of the system. We hope to start looking at the numbers impacted later this year. For details of the benefits due to survivors pre-1 April 2026 please see the LGA guide.

3.11 **Changes to unpaid leave** – these changes primarily impact employers who will need to review and amend current process around unpaid leave and their payroll software. The Employer Services Team have provided regular updates and information to employers regarding their changed responsibilities and are running training sessions for employers covering the changes in May.

3.12 The LGA are aware that these regulatory changes bring further complexity for employers and scheme administrators and that further review and consideration will be required. They are collating feedback and a revised APC guide will be provided.

4 End of Year Processes 2026

4.1 I am pleased to confirm that we are making excellent progress with this year's end of year processes, which have been running smoothly with very positive engagement and data quality in the vast majority of employers. The deadline for returns was 30 April, and by 12 May 142 of the 157 returns expected were fully processed and validated. Two employers are due a financial penalty for late submission. In addition, it is anticipated that financial penalties will apply to some employers for missing and or poor data. A full update will be provided at the next committee meeting in September.

5 McCloud Update

5.1 In March 2026 we had the software delivery to enable us to start the retrospective project work required as a result of the McCloud Regulations. Bulk calculations for deferred and pensioner members have been run; this has enabled us to identify members entitled to underpins. Where applicable for deferred members these have been applied to the member records.

5.2 These reports identified 7951 pensioner members to be in scope for McCloud. Of these, 425 had an underpin (5.34%). The highest underpin is £4,721 per annum, the lowest £0.12p per annum. 58% are less than £100 per annum, and 73% are less than £200 per annum, so the majority of underpins are modest amounts. Back dated payments are being calculated, and interest applies to this. A special interest rate of 8% is applied to backdated payments up to October 2023, from this date interest is applied at 1% above the base rate.

5.3 In addition, bulk processes have been run for active members over the age of 65 for whom an underpin calculation as at age 65 needs to be completed. This identified 1,661 members, of which approximately 75% have been completed. Some cases apply retrospectively as members may have retired post age 65. As this total represents only those in scope for McCloud, this illustrates the high proportion of members working in Local Government over the age of 65.

5.4 The low number of underpins overall for the LGPS suggests that the new scheme, which came into effect from 1 April 2014, provides better benefits than the old final salary scheme for the majority of members.

5.5 There continues to be some outstanding software for McCloud. Although we can process current deaths, we are unable to complete retrospective death cases. We are also waiting for software to enable us to retrospectively look at transfers, aggregations and pension share on divorce calculations. We expect this software to be delivered by September this year. As yet no date is confirmed.

6 Pensions Increases 2026

6.1 Pensions Increases of 3.8%, due from 6 April 2026, have been added to pensions in payment and deferred pensions.

6.2 Pensioners are notified of this change in their annual newsletter, see Appendix 2, which is issued each year with the April payslip and annual P60.

7 Employer Movements

7.1 Please see below for the latest employer movements within the fund.

Admitted Body	Joined	Service
Calber Facilities	22/10/2025	Cleaning services for Poole Grammar School
Taylor Shaw	03/11/2025	Catering services at United Learning Trust

Admitted Body	Ceased date	Reason
Enigma CCTV	15/11/2025	Last member left the scheme
Rapid Commercial Cleaning	22/10/2025	Lost contract for cleaning services at Poole Grammar School

8 Financial Implications

N/A

9 **Climate Implications**

None

10 **Well-being and Health Implications**

None

11 **Other Implications**

N/A

12 **Risk Assessment**

12.1 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 February 2026 to 30 April 2026)

Appendix 2 - Pensioner newsletter 2026

18. **Background Papers**

LGPS Regulations 2013

LGPS (Miscellaneous Amendments) (Member Benefits) Regulations 2026

Disclosure Regulations