Pensions Fund Committee
8 September 2026
Pensions Administration

For Review and Consultation

Local Councillor(s): All

Executive Director: Sean Cremer, Corporate Director, Section 151 Officer

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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
- End of Year Processes 2026
- McCloud Update
- AI Impacts and TPR Plan
- TPR Breaches 2026
- Annual Benefit Illustrations 2026
- National Dashboard Programme

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 01/05/2026 - 31/07/2026. The previous quarter is included for reference. Performance continues to be steady and of a high standard.

3 End of Year Processes 2026

3.1 Key statistics for the overall project are detailed below. The provision of this data to the fund is not always easy for employers. We provide excellent support and training to employers. We have good engagement with the majority of employers, and the data received is generally of an excellent standard. Our system and processes enable us to communicate with employers reliably as we go back and forth with queries and validation checks. However, a small number of employers struggle to provide the data required and respond to queries to enable error and validation checks, which may lead to financial penalties being imposed in accordance with our Pensions Administration Strategy (PAS).

3.2 In some cases, financial penalties are additionally levied under Regulation 70 of the LGPS Regulations 2013. This might be where there have been exceptional issues. This year, four employers have been subject to these additional charges. One employer still has queries to be resolved, and a final penalty charge will be assessed once all processes are complete.

	2024	2025	2026
Total Number of Returns due to be Processed	165	163	160*
Total Number of Queries	5,868	4,956	4,795
Number of Late Returns	8	11	9
Number of employers with financial penalties	50	34	27
Total financial penalties	£43,750.00	£96,980.00	£59,480
Total CARE Pay posted	£546,889,670.80	£573,362,363.97	£600,485,212.20

Gender	Average CARE Pay Posted
Female	£18,038.21
Male	£27,021.67
Total Members Left During Year	5,526

Total number of returns due at EOY	160*
Returns with missing joiners	9
Returns with missing leavers	23
Returns with members missing on EOY queries	21
Returns with all three above errors	4
Returns with NO missing joiners/leavers/missing on EOY queries	128

* includes 4 returns still to be received and processed.

4 McCloud Update

4.1 There has been a further delay of the delivery of McCloud software. This was expected originally in June but has only recently been delivered into the Live system.

4.2 This delay directly impacts our ability to include the McCloud remedy data in the Annual Benefit Illustrations (ABIs) for 2026, which is a statutory requirement. We have made the decision to issue the statements on time, but without this additional data. This decision was made to avoid a delay and will impact approximately 5% of the 5,823 members in scope for McCloud.

4.3 The requirement is to include an underpin where one applies. The underpin is the difference between the final salary and CARE benefits due in the remedy period. Where the final salary benefits would have been higher, an underpin, equivalent to this amount, is due. The underpin amount for active members will change each year and can only be confirmed once the member reties. It was therefore considered that issuing statements with pre McCloud data, all other data is correct and up to date, was of more benefit to members.

4.4 However, this does constitute a reportable breach, see item 6.

4.5 This also impacts our ability to meet the deadline of 31 August for all retrospective remedy calculations, which is also a reportable breach.

4.6 We are in constant discussions with the software supplier to address these issues, and senior officers from Civica will be attending our next meeting of the Local Pensions Board in October. We are also in discussions with other impacted clients regarding actions that we may be able to take to resolve these issues as quickly as possible.

5 Member Data Quality Assessment 2026

5.1 Each year, the quality of our data is reviewed and measured in accordance with guidance set out by The Pensions Regulator (TPR). This serves two main purposes. Firstly, it feeds into the future year's data improvement plan, and secondly it provides the data quality scores for the Dorset County Pension Fund which must be reported to TPR each year and recorded in the Fund's Annual Report.

5.2 The scores below have been calculated using reports supplied by Civica. However, there are several issues with these reports, some of which we have been able to address. Additionally, we are aware that these reports may not fully meet the requirements for TPR as set out in the PASA guidance which was updated in November 2024. Civica are aware of the need to update these reports but have failed to do so. It is our intention to develop our own reports for next year.

5.2.1 **Common Data** – this is the reporting of items applicable to all pension schemes, for example a correct address, date commenced, name, national insurance number etc. The overall score of tests passed for common data held was 99.70%, the score for the previous year was 99.67%.

5.2.2 **Scheme Specific Data**, (also known as 'Conditional' data) is the data specific to the LGPS. This includes items such as the presence of CARE data, member benefits and GMP data where it applies. The overall score for scheme specific data was 99.34%, an increase on the previous year's score of 95.89%.

5.3 This illustrates the excellent standard of data for the fund and reflects the continued hard work of the team to ensure records are accurate and current.

5.4 We have in the last year completed a considerable amount of data cleansing for the National Dashboard and Guaranteed Minimum Pensions (GMPs). We rely on employers providing regular and accurate data, and we put a significant resource into supporting employers and ensuring accuracy of monthly and annual data submissions.

5.5 We are now currently writing the Data Quality Report for 2026 which sets out our working plan for the year ahead to ensure that we have a continual plan for improvement and consistently high standards of data accuracy.

6 AI Impacts and TPR's AI Plan

6.1 There is an increasing focus on AI in the world of pensions, its potential to transform and the role it plays in financial planning. For us, it is important to understand how increasing use of AI impacts our members and the pensions administration service.

6.2 The Pensions regulator (TPR) has published a new AI Plan, which sets out a clear and pragmatic direction for responsible AI adoption across pensions. This will assist LGPS funds in understanding how they can move forward confidently, keeping accountability and transparency whilst also prioritising member outcomes.

6.3 The use of AI is widespread and innovation accelerating, it is therefore important to anticipate and mitigate any potential harms before they occur. The Pensions Regulator notes the significant emerging risks in pensions which include;

- Technology adoption outpacing the implementation of robust governance.
- Members using AI for financial planning and advice.
- Increased and more sophisticated cyber-attacks.
- AI generated scams and fraud.
- Bias that could widen existing inequalities.

6.4 As a first step, we have drawn up an AI Governance and Usage Policy for the Administration Service, the draft is attached at Appendix 2, to be approved. In addition, staff awareness training has been delivered to the team. Human oversight and accountability are fundamental wherever AI is used. As a service, we are primarily subject to the policies in place by Dorset Council for AI usage, this policy is aimed at AI use within the service.

6.5 The administration service is already seeing AI impacts for concern. Most notably is the use by members for information and financial planning. There is additionally concern over the provision of financial advice to members, this is not a new issue, but the challenges are increasing. These two issues arise mainly due to the lack of understanding of the differences between defined benefit and defined contribution schemes. General searches for information on pensions defaults to defined contribution, pensions is already a challenging area to understand, and the wealth of information available can easily lead to confusion or misunderstanding.

6.6 In addition to ensuring staff are aware, information for active scheme members on AI and financial advice has been included in this year's newsletter. Please see Appendix 3. Reminders will be added to standard presentations for members to aid awareness and understanding.

7 Reportable Breaches 2026

7.1 As pension administrators, we have the responsibility to report certain breaches of the law to the Pensions Regulator (TPR). Any report must be in writing and must be made as soon as reasonably practicable. A breach must be reported where we have reasonable cause to believe that:

- A legal duty relevant to the administration of the scheme has not been, or is not being, complied with.
- The failure to comply is likely to be of material significance to the regulator.

7.2 Two clear breaches connected to the delayed software delivery for the McCloud remedy have occurred and will be reported. Firstly, non-compliance with the requirement for rectification by 31 August, and secondly the non-inclusion of McCloud data in the Annual Benefit Illustration (ABI) for 2026. Please see item 4 in this report for more detail.

7.3 The required report will be drawn up and submitted by 30 September 2026, and the Local Pension Board will be consulted. Both breaches are as a direct result of software delays, and all authorities impacted will be submitting breach reports.

7.4 In addition, a further breach has occurred with 21 members who will not be issued with an ABI by 31 August 2026, please see items 3 and 8 in this report. Because the numbers are small, and depending on how soon we can issue the statements, this may not be a reportable breach. The LPB will be consulted to establish if a breach report should be submitted once we know when the statements can be produced.

8 Annual Benefit Illustrations 2026

8.1 I am pleased to confirm that the active Annual Benefit Illustrations (ABI) for 2026 have been issued. These have been available on the member Portal since 11 August, and a booklet and newsletter will be sent to all active members by 31 August. In total 22,727 have been issued.

8.2 21 members have not been issued with a statement this year due to outstanding data issues with their employer, see item 3.2 above. These will be issued once we are satisfied that we hold the correct data. Both the employer and employees have been informed.

8.3 Presentations on ‘Understanding your Annual Benefit Illustration’ have been scheduled for members, these were popular last year, and we are already seeing spaces booked this year. These are in additional to our standard member presentations which run throughout the year.

8.4 A copy of this year’s ABI template is attached at Appendix 4.

9 National Dashboard Programme

9.1 The Dorset Fund has volunteered to be part of a working group for the Pensions Dashboard Programme being initiated by the Money and Pensions Service (MaPS). We are one of several Directly Connected Organisations (DCOs) who will be taking part in targeted testing, validation checks and identification of defects.

9.2 Early testing of the Dashboard has started, and we have already had successful connections to our data via the dashboard. This is part of an early testing programme, for which members of the public can sign up. The Dashboard is not yet live to the public. It’s good to see these early test connections are working well.

9.3 DCPF active members have been invited to join the Dashboard testing party. This invitation was issued in the annual newsletter sent with the Annual Benefit Illustration (Appendix 3).

10 Financial Implications

N/A

11 Climate Implications

None

12 Well-being and Health Implications

None

13 Other Implications

N/A

14 Risk Assessment

14.1 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 May 2026 to 31 July 2026)

Appendix 2 – Draft DCPF AI Governance and usage Policy

Appendix 3 - LGPS ABI 2026 Newsletter

Appendix 4 - LGPS Annual Benefit Illustration 2026

18. Background Papers

LGPS Regulations 2013

AI plan

Homepage | UK Pensions Dashboards Programme