REPORT TO: PENSION SUB-COMMITTEE OF THE CITY GOVERNANCE COMMITTEE & PENSION BOARD – 29 JUNE 2026

REPORT ON: PENSION ADMINISTRATION PERFORMANCE – UPDATE TO 31 MARCH 2026

REPORT BY: EXECUTIVE DIRECTOR OF CORPORATE SERVICES

REPORT NO: 161-2026

1. PURPOSE OF REPORT

This report provides information on the recent quarter's operational performance in relation to Pension Administration and other general developments in this area over the period.

2. RECOMMENDATIONS

The Sub-Committee is asked to note the contents of the report.

3. FINANCIAL IMPLICATIONS

There are no direct financial implications arising from the agreement of this report.

4. BACKGROUND

This report focuses on statutory performance and is subject to ongoing review and development that will aim to provide enhanced reporting functionality that can be prepared efficiently and improve the quality of information on administration performance and compliance that is presented to members for scrutiny.

5. SERVICE SUMMARY

- **Summary of Statutory Performance Requirements**

The following table summarises the performance of the fund administration against statutory requirements:

	Received (1)			Completed (2)					
	Q3	Q4	% Change	Q3	Q4	% Change	Statute Days (3)	Average Days to Complete (4)	Cases Completed Out with Statute (5)
Starter	405	1491	268%	492	1,485	202%	60	1	0
Estimate	167	209	25%	151	183	21%	60	50	38
Options	517	501	-3%	440	507	15%	60	47	73
Actual	317	306	-3%	324	291	-10%	60	19	0
TV In	34	60	76%	27	35	30%	60	32	1
TV Out	134	214	60%	211	215	2%	90	25	1
Deferred	280	325	16%	327	306	-6%	60	23	11
Death	155	227	46%	155	234	51%	60	12	1
Death Grant	20	49	145%	27	25	-7%	60	38	1
Dependant	55	94	71%	60	66	10%	60	24	1
Divorce	8	13	63%	14	9	-36%	90	33	0
Total	**2,092**	**3,489**	**67%**	**2,228**	**3,356**	**51%**			**127**

Key:

Q3 denotes October to December 2025.
Q4 denotes January to March 2026.

1) Reflects total number of cases received in each period and movement %
2) Reflects total number of cases completed in each period and movement %
3) Reflects the statutory target timescale to deal with each case
4) Reflects the average number of days taken to complete each case during the quarter
5) Reflects the number of individual cases that were not dealt with in the statutory time

The following provides further detail on statutory task data:

Overall Caseload:

There was an increase in both cases received and cases completed during this quarter. Ongoing staff absences, combined with the need for key team members to support the McCloud rectification work have continued to impact overall work capacity.

Despite these challenges, the team has prioritised workloads, resulting in a 51% increase in cases completed over the quarter. The number of cases completed outside of statutory timeframes has remained consistent with the previous quarter and will continue to be monitored to identify opportunities for improvement.

Prioritised Tasks:

- **Issue of Pension Options & Pensions Brought into Payment**
  - Pension options received this quarter decreased slightly by 3%, however, cases completed increased by 15%. Options completed out with statute increased by 34% due to ongoing staff absence.
  - Actual retirement cases received also saw a decrease of 3%, along with a decrease in completed cases by 10%. No cases were completed out with statute whilst the average days to complete remain low.

- **Processing of Death Benefits, Payments of Death Grants, and Dependant Pensions**
  - Case volumes increased in this quarter across all categories, with death cases received rising by 46%, death grant cases by 145%, and dependant cases by 71%.
  - Completed case volumes also rose, with deaths increasing by 51% and dependant cases increased by 10%. However, death grant cases decreased by 7%. Average days to complete remain low but 3 cases across the areas were completed out with statute.

Other Statutory Tasks:

- **New Member Processing:** There was an increase in both completed and received cases in the quarter. The workflow system in operation continues to keep the average processing days low.
- **Estimates:** There was a 25% increase in cases received and 21% in cases completed. There was a decrease in out of statute case to 38 as the team continue to prioritise cases due to ongoing staff absence.
- **Deferred Member Processing:** The numbers of cases received in the quarter increased by 16% with a decrease in completed by 6%. Some cases remain complex and require engagement with employers to obtain information to calculate member benefits.
- **Outbound Benefit Transfers**: There was an increase by 60% of case numbers received and cases completed increased by 2%.
- **Inbound Benefit Transfers**: The number of cases completed in this quarter increased by 30%, but the number of cases received increased by 76%.
- **Divorces:** There was an increase of 67% of case numbers received and cases completed decreased by 36%.

5.1 Other Pension Operations

The following table summarises the other operations undertaken in addition to statutory requirements:

	Received (1)			Completed (2)			Days to complete (3)		
	Q3	Q4	% Change	Q3	Q4	% Change	Q3	Q4	% Change
Amendment to Account	3,386	388	-89%	1,758	1,636	-7%	164	301	84%
Certificates	235	111	-53%	97	592	510%	25	130	429%
Other Admin Tasks	2,331	924	-60%	1,920	1,925	1%	37	83	125%
Other pensions processing	851	1,430	68%	891	1,490	67%	166	258	55%

Q3 denotes October to December 2025
Q4 denotes January to March 2026

1) Reflects total number of cases received in each period and movement %
2) Reflects total number of cases completed in each period and movement %
3) Reflects the average number of days taken to complete each case during the quarter and movement %

Staff training and recruitment continues to have an impact on the case numbers in this area. The team are working through a backlog of older tasks whilst prioritising the key areas.

5.2 Employer Contributions

For the period January-March covering the payroll periods of December-February we received 1 late payment, this was received the following day.

5.3 Member Self Service Update/Pension Portal

The new Pensions Portal was launched in October 2025. Since launching 7,865 members have registered for the new system which totals 13% of membership and an increase of 2% from the last quarter.

Since the initial communication to members to advise of the new system we continue to promote this as members contact us. A further communication is planned to members when their Annual Benefit Statement is issued later in the year.

5.4 I-Connect Update

There were 36 Employers who have submitted monthly uploads through the I-Connect system during the period. We are still working with 2 of our employers on issues with the data being received.

All employers have been advised that we expect all uploads to be completed on I-Connect and this will be reviewed in accordance with the administration strategy and escalated if required.

5.5 Call Centre

During the quarter, 2,848 calls were received, this is an increase of 490 calls compared to the previous period. The total time spent on calls was 534 hours.

The level of time required to manage calls continues to place a significant demand on resources and is being addressed as part of the structure review.

5.6 Compliance

National Fraud Initiative: 5 overpayments remain outstanding which amount to £13,918.37.

No cases have been identified as fraud to date. The team continue to liaise with the Dundee City Council Fraud and Legal teams in an attempt to recover the overpayments.

5.7 Recruitment

- The successful candidate for the vacant Clerical Assistant post started on the 28 January 2026
- Due to long term staff absence, a temporary acting up opportunity for 2 Senior Pension Assistants to assist with Team Leader duties was internally advertised and put in place from 16 February 2026.
- To fill maternity leave of a Pension Assistant, an internal recruitment was undertaken for acting up, this was advertised and filled on the 9 March 2026.
- Due to an Assistant IT/Systems Process Analysis leaving on the 9 March 2026, recruitment will be undertaken for the vacant post in the next quarter.

5.8 Queries & Complaints

4,271 emails were received into the generic mailbox in the quarter up to the 31 March 2026, equating to approximately 68 emails per working day. This area continues to be a significant resource requirement for the team and is being addressed as part of the structure review.

- Complaints to Prudential: None
- Complaints to Standard Life: None
- GDPR: One
- Complaints: None

5.9 Staff Training

- In House Training

In house training continues to be utilised for the newer members of staff along with the staff who are undertaking extra responsibilities within the team. Peer to peer training is delivered by experienced staff and whilst this training is invaluable to the team, it is recognised the impact this has on caseloads. This will be reviewed in the wider structure review.

- External Training

External Training on aggregations was delivered by Heywood and Hymans Robertson separately, with four team members attending at least one of the sessions. Training material was also provided by Hymans Robertson which can be utilised by the team when required.

Hymans Robertson plan to deliver further training sessions, covering a range of topics identified as learning priorities across all Scottish funds. These sessions will provide a valuable resource to support ongoing staff development.

5.10 Resource and Structure Review

The review of the Fund’s staffing structure and resources is progressing following the outcomes of the evaluation conducted by Hymans Robertson. The aim is to ensure that the Tayside Pension Fund’s operating model is aligned with current and emerging operational, governance, and regulatory requirements.

Senior Management, in collaboration with Human Resources, are currently considering the proposed structure and reviewing associated job descriptions.

Planning for a phased implementation is underway, and further updates will be provided in future reports.

5.11 September CPI Rate Announced

On 26 February 2026, HM Treasury (HMT) published a written statement confirming the rates of annual revaluation, earnings and pension increase due from April 2026.

• public service pensions will increase on 6 April 2026 by 3.8%, in line with the Consumer Prices Index for the year up to September 2025

• revaluation of 3.8% plus any local addition will be used in April 2026 to revalue CARE accounts in public service pension schemes that use prices as the measure of revaluation

On 27 February 2026, the SPPA published Circular 2026/03. SPPA confirms in the circular:

• deferred pensions and pensions in payment will increase by 3.8 per cent from 6 April 2026

• the in-service revaluation for the CARE scheme in respect of 2025/26 will be 3.8 per cent.

5.12 SPPA contributions guidance

On the 27 February 2026, the SPPA published the Tiered Contribution Guidance for 2026/27. This was issued to all scheme employer payroll departments to allow them to carry out their review and amendments for April 2026.

5.13 McCloud

Key staff continue to reconcile employer data to ensure member records are fully updated, enabling completion of underpin checks.

All employer data has now been received. A small number of employers have outstanding queries, which are being actively progressed to resolution.

Along with business-as-usual case work, which introduces additional complexity into member calculations, progress has continued on retrospective work. During this quarter:

- A further 26 McCloud underpin assessments were completed for transfer out cases involving Club transfers.
- 4 members were issued with conversion options following retrospective McCloud calculations that resulted in an underpin.
- Retirement benefits for 3 members were recalculated to incorporate the McCloud underpin.

The following table summarises the total retrospective work undertaken for McCloud to date:

	Completed cases to date
Options	4
Retirement	3
Transfer Out	34
Total	41

5.14 Pension Dashboard

Phase 1 testing of the Dashboard has continued by the Money and Pensions Service alongside the Pensions Dashboard Programme, this was focusing on low volume testing to ensure the service is operating broadly as expected. This phase is also aimed at identifying any critical or severe pain points that require resolution. Phase 1 is nearing completion.

Phase 2 will involve high-volume testing and is expected to commence once key findings from Phase 1 have been reviewed and addressed.

5.15 Consultation update - draft LGPS (Scotland) (Amendment) Regulations 2026

On 4 February 2026, the Scottish Public Pensions Agency (SPPA), emailed Scottish administering authorities with an update on the consultation on the draft LGPS (Scotland) (Amendment) Regulations 2026. In the email, the SPPA confirmed it will pause the proposed amendments in light of feedback received.

Following the Scottish Parliamentary elections in May 2026, SPPA plans to run a further consultation. This will include proposals in respect of the 2028 changes to the normal minimum pension age, and to update the Local Government (Discretionary Payments and Injury Benefits) (Scotland) Regulations 1998, which were last updated in 2011. It is understood that the paused amendments and the new proposals will be brought together in a single, comprehensive Scottish statutory instrument later in 2026.

5.16 HMRC Finance Act 2026 – Key Updates

The Finance Act 2026 received Royal Assent on 18 March 2026 and introduces two key changes relevant to LGPS administering authorities.

- Abolition of the Lifetime Allowance (LTA)

The Act amends paragraph 134 of Schedule 9 to the Finance Act 2024, which provides HM Treasury with powers to make regulations linked to the abolition of the Lifetime Allowance (LTA).

Under the previous legislation, this power was due to expire on 5 April 2026, with any regulations only able to take effect within the tax year in which they were made. The Finance Act 2026:

- Extends this power until 30 June 2026
- Allows any regulations made to apply retrospectively to the 2024/25 tax year

This extension is intended to support further technical updates, as referenced by HMRC. HMRC has also published a tax information and impact note providing additional detail.

- Inheritance Tax (IHT)

The Act also amends the Inheritance Tax Act 1984. For deaths occurring after 5 April 2027, most unused pension benefits will be included within a member's estate for IHT purposes.

Several technical amendments were introduced to ensure the legislation operates effectively, without changing the overall policy intent. Further guidance on processes is expected from HMRC.

Key points include:

- Non-UK pensions held by individuals who are not long-term UK residents will remain outside the scope of UK IHT
- Death in service benefits will continue to be exempt from IHT (there is no requirement for the member to have been active immediately before death)
- IHT will not apply to:
    - Excluded benefits, such as death in service payments
    - Payments made to exempt beneficiaries (e.g. spouses or civil partners)

Additional clarifications include:

- Updated withholding rules (up to 50% for 15 months) to support smoother administration
- Provisions enabling administrators to pay tax directly, ensuring no tax is deducted from IHT-exempt benefits
- Extension of existing IHT exemptions to include notional pension property
- Future information-sharing requirements will be introduced under Finance Act 2004 powers

Tax treatment updates:

- No income tax will be charged on death benefits where the amount equals the IHT due (including some rare existing scenarios)
- Any refunded IHT will be treated as pension income where tax relief had previously been claimed

Further detail is available in the Finance (No. 2) Bill publications from the UK Parliament.

REGULATIONS

Details of regulatory matters are contained in Appendix 1.

POLICY IMPLICATIONS

This report has been subject to the Pre-IIA Screening Tool and does not make any recommendations for change to strategy, policy, procedures, services or funding and so has not been subject to an Integrated Impact Assessment. An appropriate senior manager has reviewed and agreed with this assessment.

CONSULTATIONS

The Chief Executive and Head of Democratic and Legal Services have been consulted in the preparation of this report.

BACKGROUND PAPERS

None

PAUL THOMSON

EXECUTIVE DIRECTOR OF CORPORATE SERVICES Date 09 September 2026

Appendix 1

REGULATORY COMMUNICATIONS

Website Updates

LGPS website for funds in Scotland

- LGPS Regulations and Guidance

HMRC

- Newsletter 177 — January 2026 - GOV.UK
- Newsletter 178 — February 2026 - GOV.UK
- Pensions schemes newsletter 179 — March 2026 - GOV.UK

Pension Dashboards

- Proposed approach to collaborating with industry to deliver private sector dashboards | News | UK Pensions Dashboards Programme
- Preparing data for dashboards: what you need to do | Blogs | UK Pensions Dashboards Programme
- Making the MoneyHelper Pensions Dashboard accessible | Blogs | UK Pensions Dashboards Programme
- Progress update webinar: December 2025 | Events and webinars | UK Pensions Dashboards Programme
- Homepage | UK Pensions Dashboards Programme
- Understanding the 3 pension status categories on the MoneyHelper Pensions Dashboard | Blogs | UK Pensions Dashboards Programme

The Pension Regulator (TPR)

- Avoid and report pension scams
- Fraud Strategy 2026 to 2029 - GOV.UK
- Reporting cyber crime and fraud or phishing attempts - Report Fraud
- Steps to stay scam safe
- TPR urges vigilance after rise in impersonation fraud against pension savers

Scheme Advisory Board

Scotland Updates

- LGPSAB | Local Government Pension Scheme Advisory Board

England & Wales updates

- LGPS Scheme Advisory Board - Home

The Pension Administration Standards Association (PASA)

- PRESS RELEASE – PASA publishes Part 2 of Digital Administration Guidance: Planning the Digital Transformation Journey – The Pensions Administration Standards Association
- PRESS RELEASE – PASA publishes Part 3 of Digital Administration Guidance: Delivering Effective Digital Transformation – The Pensions Administration Standards Association
- Dashboards-Toolkit-Webinar-QA-FINAL-1.pdf

The Pension Ombudsman

- Operating Model Review 2025/26 - Off to a flying start… | The Pensions Ombudsman