

REPORT TO: PENSION SUB-COMMITTEE OF THE CITY GOVERNANCE COMMITTEE & PENSION BOARD – 28 SEPTEMBER 2026

REPORT ON: PENSION ADMINISTRATION PERFORMANCE – UPDATE TO 30 JUNE 2026

REPORT BY: EXECUTIVE DIRECTOR OF CORPORATE SERVICES

REPORT NO: 214-2026

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⁾			Statute Days ⁽³⁾	Average Days to Complete ⁽⁴⁾	Cases Completed Out with Statute ⁽⁵⁾
	Q4	Q1	% Change	Q4	Q1	% Change			
Starter	1491	759	-49%	1,485	783	-47%	60	1	0
Estimate	209	201	-4%	183	177	-3%	60	58	77
Options	501	610	22%	507	608	20%	60	52	138
Actual	306	364	19%	291	319	10%	60	20	0
TV In	60	66	10%	35	49	40%	60	31	3
TV Out	214	287	34%	215	264	23%	90	20	2
Deferred	325	392	21%	306	293	-4%	60	39	15
Death	227	160	-30%	234	144	-38%	60	14	2
Death Grant	49	31	-37%	25	34	36%	60	43	3
Dependant	94	65	-31%	66	82	24%	60	33	0
Divorce	13	18	38%	9	7	-22%	90	56	2
Total	3,489	2,953	-15%	3,356	2,760	-18%			242

Key:

Q4 denotes January to March 2026.

Q1 denotes April to June 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:

Excluding the starter process, which operates through a workflow system, case volumes increased during the quarter across all areas, both in terms of cases received and cases completed. Ongoing staff absences, together with the requirement for key team members to support the McCloud rectification project, have continued to impact overall operational capacity. As a result, there has been an increase in the number of cases completed out with statutory timescales. A review of the Fund's staffing structure and resource requirements remains underway, with the aim of improving service delivery, increasing output, and reducing processing times.

Prioritised Tasks:

- **Issue of Pension Options & Pensions Brought into Payment**
 - **Pension options:** received during the quarter increased by 22%, while the number of cases completed increased by 20%. However, the number of cases completed out with statutory timescales rose by 45%, primarily due to ongoing staff absences which have impacted processing capacity.
 - **Actual retirement:** cases received and completed also increased during the quarter. No cases were completed out with statute, and the average processing time remain low.
- **Processing of Death Benefits, Payments of Death Grants, and Dependant Pensions**
 - There was a decrease in the number of cases received across all 3 of the areas during the quarter.
 - Average processing times remained consistent. However, five cases were completed out with statutory timescales during the quarter. Despite this, overall performance in these areas remained stable.

Other Statutory Tasks:

- **New Member Processing:** The workflow system in operation continues to keep the average processing days low.
- **Estimates:** There was a small decrease in case number received and completed. However, out of statute case increased to due to ongoing staff absences which have impacted processing capacity.
- **Deferred Member Processing:** The numbers of cases received in the quarter increased by 21% with a decrease in completed by 4%. Some cases remain complex and require engagement with employers to obtain information to calculate member benefits.
- **Outbound Benefit Transfers:** There was an increase by 34% of case numbers received and cases completed increased by 22%.
- **Inbound Benefit Transfers:** The number of cases completed in this quarter increased by 40%, along with the number of cases received increasing by 10%.
- **Divorces:** There was an increase of 38% of case numbers received and cases completed decreased by 22%.

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⁾		
	Q4	Q1	% Change	Q4	Q1	% Change	Q4	Q1	% Change
Amendment to Account	388	396	2%	1,636	632	-61%	301	9	-97%
Certificates	111	302	172%	592	113	81%	130	18	-86%
Other Admin Tasks	924	676	-27%	1,925	577	-70%	83	41	-51%
Other pensions processing	1,430	639	-55%	1,490	1,023	-31%	258	344	33%
Refunds	N/A	291	N/A	N/A	197	N/A	N/A	134	N/A
Aggregations	N/A	537	N/A	N/A	195	N/A	N/A	407	N/A

Q4 denotes January to March 2026

Q1 denotes April to June 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 %

Ongoing staff training and recruitment have continued to affect case numbers in these areas, with available resources being prioritised towards key service delivery areas.

Refunds and aggregation tasks have now been included from quarter 1, as this is in keeping with the new reporting requirement in the annual accounts.

5.2 Employer Contributions

For the period April to June covering the payroll periods of March to May we received 7 late payments, these were received the following day.

5.3 Member Self Service Update/Pension Portal

10,834 members have now registered for the new Pension Portal; this totals 19% of membership and is an increase of 6% from the previous quarter.

5.4 I-Connect Update

There were 38 Employers who have submitted monthly uploads through the i-Connect system during the period. We are still working with 1 employer 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, 2,856 calls were received, this is an increase of 8 calls compared to the previous period. The total time spent on calls was 532 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: 4 overpayments remain outstanding which amount to £13,382.39.

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 Assistant IT/Systems Process Analysis post started on the 1 June 2026
- A vacant Clerical Assistant post was advertised on the 29th May, interviews are to be held in the next quarter.

5.8 Queries & Complaints

4,166 emails were received into the generic mailbox in the quarter up to the 30 June 2026, this equates to approximately 64 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: 5
- 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 transfers was delivered by Hymans Robertson, with six team members attending this session. 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 Employers & Member meetings

Meetings were held with two scheme employers during the quarter to discuss Certificate of Protection, Assumed Pensionable Pay (APP), and Early Retirement schemes. These sessions provided an opportunity to review current processes, clarify requirements, and address employer queries.

In addition, two scheme employers arranged member information sessions during the quarter, which were delivered both virtually via Microsoft Teams and in person. The sessions were designed to promote awareness and understanding of the benefits available through the Local Government Pension Scheme (LGPS). Each session allowed members to raise queries and receive further guidance on their pension benefits.

5.11 Resource and Structure Review

The structure review continues to progress, with Senior Management and Human Resources currently reviewing associated job descriptions. Work is also underway to develop a phased implementation plan, and further updates will be provided in subsequent reports.

5.12 Annual Pension Increase

The 2026 Pensions Increase was applied to all pensioners with effect from 6 April 2026. The percentage increase was 3.8%. For Pensioners, this provided them with a partial increase for April of 5 days at the old rate and 25 days at the new rate, with the full monthly increase coming into effect from May. A notice was also posted on to the Fund website to provide details of the increase.

5.13 McCloud

Key staff continue to work on reconciling employer data and working with a small number of employers on outstanding queries to ensure member records are fully updated, enabling completion of underpin checks ahead of the issue of the 2026 Annual Benefit Statement to members.

Any category of members who have not had the underpin check completed for their 2026 ABS is required to be reported to The Pension Regulator. Tayside Pension Fund will be submitting a report for members who have:

- Transferred in benefits – Additional information is required from a previous pension provider to enable the McCloud underpin assessment to be completed.
- Divorce – Guidance from the Government Actuary's Department (GAD) remains outstanding in relation to the application of the McCloud remedy for members with pension debit or pension credit adjustments.
- Aggregations - These cases require additional analysis due to the complexity arising from the aggregation of multiple pension records. Priority is being given to completing the wider McCloud rectification exercise to maximise compliance across the membership.

Retrospective work has continued this quarter, and the below table summarises the total retrospective work undertaken for McCloud to date:

	Completed cases this quarter	Completed cases to date
Options	4	8
Retirement	3	6
Transfer Out	0	34
Total	7	48

5.14 Pension Dashboard

The Pensions Dashboard Programme has confirmed that Phase 2 testing is now underway, including testing with increasing volumes of users to assess system performance and functionality. Planning is also progressing for the later stages of Phase 2 testing. Under the published testing approach, Phase 2 is expected to run for approximately nine months.

5.13 End of Year Update

At the 30th June 2026:-

- 38 employers have uploaded all submissions for the end of year.

The team are working with employers to have the data reconciled and ready in the system for the 2026 Annual Benefit Statements.

5.14 HMRC

Normal minimum pension age (NMPA) transitional regulations

HMRC is developing transitional regulations to support the increase in the NMPA from 55 to 57 on 6 April 2028.

HMRC explains that the transitional regulations are intended to ensure members who are aged 55 or 56 on 5 April 2028, without a protected pension age, who have already become entitled to certain pension benefits before 6 April 2028 can continue to receive payments after that date as authorised payments. For these purposes, the member would be treated as having reached age 57 immediately before their first payment on or after 6 April 2028.

At present, the proposals remain provisional, as the regulations have not yet been formally laid and may be subject to change. Further updates will be provided in future reports. Any confirmed changes and guidance will also be communicated to employers and published on the Fund's website to ensure members are kept informed.

Inheritance tax

On 11 May 2026, HMRC published a technical note providing further detail on the reforms to the Inheritance Tax treatment of pensions introduced through the Finance Act 2026. The note outlines how the new legislation is expected to operate in practice for personal representatives, pension scheme administrators and beneficiaries.

HMRC is also consulting on draft amendments to the Registered Pension Schemes (Provision of Information) Regulations 2006. The proposed changes would require pension providers and personal representatives to share relevant information relating to a deceased member's pension with each other, beneficiaries and HMRC, in support of the new Inheritance Tax arrangements.

HMRC will continue to issue secondary legislation, guidance and supporting materials ahead of the planned implementation date of April 2027. The Fund will monitor developments and provide further updates in future reports along with develop a communication to members as additional details become available.

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 23 October 2026

REGULATORY COMMUNICATIONS

Website Updates

LGPS website for funds in Scotland

- [LGPS Regulations and Guidance](#)

HMRC

- [Newsletter 180 — April 2026 - GOV.UK](#)
- [Pension schemes newsletter 181 — May 2026 - GOV.UK](#)
- [Newsletter 182 — June 2026 - GOV.UK](#)
- [Inheritance Tax on pensions: technical note - GOV.UK](#)
- [The Pensions \(Abolition of Lifetime Allowance Charge etc\) Regulations 2026](#)

Pension Dashboards

- [Pensions dashboards connection deadline: your questions answered | UK Pensions Dashboards Programme](#)
- [Pensions dashboards: are schemes ready for the next step?](#)
- [Webinar: Phase 1 research findings for the MoneyHelper Pensions Dashboard | UK Pensions Dashboards Programme](#)

The Pension Regulator (TPR)

- [AI plan](#)

SPPA

- [Ill Health Guidance | SPPA](#)
- [280 - Scotland valuation letter.pdf](#)

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)

- [PASA-DWG-Compliance-Monitoring-FINAL.pdf](#)

The Pension Ombudsman

- [Death benefit lump sums | The Pensions Ombudsman](#)
- [How to complain about your pension | The Pensions Ombudsman](#)
- [Ill health pensions | The Pensions Ombudsman](#)
- [Incorrect information about your pension | The Pensions Ombudsman](#)