

The Highland Council

Pensions Committee – 22 August 2013

Agenda Item	6
Report No	PC/12/13

Pension Fund Contributions and Administration

Report by Director of Finance

Summary

The purpose of this periodic report is to update Members on the efficiency of administration and accuracy of pension contributions paid to the Highland Council Pension Fund, and it provides a final update on Auto Enrolment.

1. Introduction

- 1.1 The Highland Council is the Administering Authority for the Highland Council Pension Fund.
- 1.2 In addition to the Highland Council, 34 employers (listed in Appendix 1) participate as Admitted Bodies in the Fund.
- 1.3 Participating employers are required to calculate and deduct the appropriate rate of pension contributions from salaries in addition to an employer's contribution in accordance with guidance issued by the Highland Council Pension Section.
- 1.4 These contributions are remitted monthly to the Highland Council Pension Fund. The statutory deadline for payment to be made is the 19th of each month.

2. Pension Contributions

- 2.1 Pension contributions received from employers are checked for accuracy against known parameters and the dates received are recorded and monitored.
- 2.2 Contact is made with an employer in instances where payments are received late or not to the expected value.
- 2.3 Contributions from scheme employers are all being received on time and all contributions are up to date.

3. Administration Costs

- 3.1 The annual staffing budget for Pensions Administration is £478,515 and for the year to 30th June 2013 was within budget.

4. Actuarial Fees

- 4.1 Actuarial fees for specific tasks are agreed as part of the 5-year actuarial contract

between the Council and Hymans Robertson, which commenced April 2013.

- 4.2 Actuaries' fees for pre-arranged work for the period to June 2013 were £8,557.50. These were checked and approved against the scale charge in the contract.

5. Auto enrolment

- 5.1 Approximately 450 employees were identified as falling into the category of being Auto enrolled.
- 5.2 These employees were written to informing them that they were to be brought into the scheme resulting in 90 opting out of the scheme with immediate effect.
- 5.3 A further 53 opted out in the 3 month permissible window to June 2013 taking the final opt out rate to 31%. The nationally-anticipated opt out rate was 80%.
- 5.4 At present around 300 employees are now paying pension contributions as a result of this initiative. The cost of this is £676,000 per annum.

6. Financial Implications

- 6.1 A budget pressure of £400,000 was anticipated as a result of Auto Enrolment. The reduced opt out rate resulted in an actual pressure of £676,000. Options for funding the additional pressure are being reviewed by the Director of Finance.

7. Pension Fund Statement of Accounts

- 7.1 As reported to the Highland Council on 27 June, the draft statement of accounts and annual report for the Pension Fund 2012/13 are now complete and available from the following link.

<http://www.highlandpensionfund.org/themes/highland/scheme%20documents/Annual%20Report.pdf>

8. Implications

- 8.1 There are no resource implications other than those highlighted in para 6.1.
- 8.1 There are no legal, equalities, climate change or risk implications.

9. Recommendation

The Committee is asked to consider the details of this report.

Designation: Director of Finance

Date: 8 August 2013

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Admitted Bodies in the Highland Council Pension Fund

Comhairle Nan Eilean Siar
Stornoway Port Authority
Cromarty Firth Port Authority
Inverness Harbour Trust
Northern Joint Police Board – now Scottish Police Authority
Valuation Board/ Assessors
H & I Fire Board – now Scottish Fire Authority
Highland Opportunities
Eden Court
Inverness College
North Highland College
Lews Castle College
The Highland Council
UHI Millennium Institute
HOST (Highlands Of Scot Tourist Board)
Inverness Leisure / CCLL
Western Isles Tourist Board
Torvean Golf Club
Bord Na Gaidhlig (Alba)
Sight Action (formerly VISH)
Highland Blindcraft
HITrans
Hebridean Housing Partnership (HHP)
Vacman Cleaning Limited
Morrison FM
SPSA Scottish Police Service Authority
HIE (former LECS)
SDS (former Careers Scotland)
Fujitsu
An Comunn Gaidhealach
High Life Highland Ltd
Forth and Oban
RS Occupational Health
NHS Highland
Parklands