

# The Highland Council

## Pensions Committee - 14 August 2014

Agenda Item	<b>6</b>
Report No	<b>PC/05/14</b>

### Pension Fund Contributions and Administration

#### Report by Director of Finance

#### Summary

The purpose of this periodic report is to update members on matters relating to the administration of the Highland Council Pension Fund.

#### 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 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. These contributions are remitted monthly to the Highland Council Pension Fund. The statutory deadline for payment to be made is the 19<sup>th</sup> 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 £108k and is currently reporting a £7k underspend.

#### 4. Actuarial Fees

- 4.1 Actuarial fees for specific tasks are agreed as part of the actuarial contract between the Council and Hymans Roberson.

- 4.2 Actuaries' fees for pre-arranged work for the period to June 2014 were £6075. These were checked and approved against the scale charge in the contract.
- 4.3 Fees are increased compared with the previous year due to data analysis required for the Triennial scheme valuation.

## **5. Triennial Valuation**

- 5.1 Data for the Triennial Valuation was delivered to the Actuaries in July ahead of the agreed timetable.
- 5.2 Data provided in March was classified as being of a high standard by the Actuaries and as a result no issues are anticipated.
- 5.3 Initial results are expected towards the end of October 2014.
- 5.4 The outcome of the Valuation will be reported to a future meeting of this Committee.

## **6. Performance Indicators**

- 6.1 The Highland Council Pension Fund Administration Strategy became operational on 1<sup>st</sup> July 2012 following consultation with scheme employers.
- 6.2 The strategy sets out the roles and responsibilities of both the Administering Authority and scheme employers and includes a number of key processes and tasks to be benchmarked against expected timescales which will be included in the Council's Pension Fund Accounts.
- 6.3 Service level standards for the administering authority performance are based on industry standard Performance Indicators and are detailed in the table below.

In the majority of processes the expected results have been achieved or exceeded.

## Administering Authority Performance to 31 March 2014.

Task	Target	Total received	% completed within target	Previous Year Percentage
New Entrants	Issue Statutory Notice within <b>14 days of receipt</b> of a new start notice	1747	87%	88%
Early Leaver	Issue entitlement notice within <b>2 months of leaving employment</b>	999	89%	86%
Retirements including deferred benefits coming into payment	To be paid by date of entitlement	513	82%	85%
Deaths in Service	Contact next of kin within <b>5 days of notification being received</b>	17	100%	100%
Transfers in from outwith fund	Issue statutory notice within <b>14 days of receipt of payment</b>	81	100%	100%
Transfers of pension rights outwith fund	Make payment within <b>14 days of receipt of election</b>	61	100%	100%
Estimate of benefits	Issue within <b>10 days of receipt of request</b>	652	100%	100%

## Scheme Employer Performance- Target performance 90%

<b>Standard</b>	<b>Number from 1/7/12 to 31/3/13</b>	<b>% achieved</b>	<b>Previous year Percentage</b>
New Start Notification – within 30 days of joining (or 10 days from first deduction if later)	1747	91%	91%
Retirement information – to allow benefits to be paid on time	276	90%	89%
Death in Service notification – within 7 days of death	17	100%	100%
Early Leaver Notification – Within 30 days of leaving (or 10 days after last deduction if earlier )	999	93%	85%
Year End Query responses – within 14 days	19 employers were issued with queries	100%	100%

### 7. Implications

7.1 There are no additional implications other than those highlighted in the report.

#### **Recommendation**

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

Designation: Director of Finance

Date: 1 August 2014

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