

The Highland Council

Pensions Committee – 19 February 2015

Agenda Item	6
Report No	PC/03/15

Pension Fund 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, 32 employers actively 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. Other Employer Payments

- 3.1 In addition to Contribution payments, scheme employers are also responsible for other costs associated with participation in the scheme e.g. costs related to early release of benefits and termination valuation costs.
- 3.2 Two scheme employers are currently in negotiation with Highland Council Pension Fund in regard to such costs.

- 3.3 Sight Action/Highland Society for the Blind have accepted liability for previously agreed costs relating to the cost of redundancy of a former employee.

The Fund are negotiating a repayment period to bring the matter to a conclusion.

- 3.4 Following a meeting with representatives from the Highland and Islands Structural Board regarding the outstanding termination costs the following actions were agreed:-

- 1) The Board accept the basis of the calculation.
- 2) The calculation will be reviewed on actual (as opposed to assumed) market conditions.
- 3) Any shortfall between the final figure and the Company's ability to pay will be pursued with the Scottish Ministers who have given an undertaking to consider the matter.

An update on the position will be provided at the next meeting of the Pension Committee.

4. Administration Costs

- 4.1 The annual staffing budget for Pensions Administration is currently reporting a £30,000 underspend.

5. Actuarial Fees

- 5.1 Actuarial fees for specific tasks are agreed as part of the actuarial contract between the Council and Hymans Roberson.
- 5.2 Actuaries' fees for pre-arranged work for the period to January 2015 were £65,000 These were checked and approved against the scale charge in the contract.

6. Application for Admitted Body Status

- 6.1 Following discussion with representatives from the University of the Highlands and Islands, an application for Admitted Body status is expected to be received in respect of a new Company "University of Highlands and Islands Shared Services".
- 6.2 The employees of the Company will consist of current employees of the University and partnership universities across Scotland.
- 6.3 Approximately 18 employees will be involved in the transfer
- 6.4 The University of the Highlands and Islands is proposing to act as guarantor for the pension liabilities of the new Company.
- 6.5 Subject to the necessary financial safeguards being in place, the Committee is asked to approve the application.

7. 2015 Scheme

- 7.1 The Local Government Pension Scheme in Scotland is changing with effect from April 2015.
- 7.2 The new scheme will be a Career Average Scheme, in line with other public sector schemes.
- 7.3 To assist participating employers understand the changes, the Fund arranged a training day at Eden Court Theatre on 30 October 2014. This was attended by around 70 delegates with positive feedback.
- 7.4 Further literature has been issued in January via the corporate email system to update scheme members including a [link](#) to the Council's website where full details of the new scheme and the effect of the change can be found.

8. Implications

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

Recommendation

The Committee is asked to consider the details of the report and approve the application for Admitted Body status.

Designation: Director of Finance

Date: 6 February 2015

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