

The Highland Council

Pensions Committee - 24 September 2015

Agenda Item	8
Report No	PC/08/15

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, 32 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.
- 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 from Scheme Employers

- 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 Scheme Employer Liabilities

- 3.1 In addition to Contribution payments, scheme employers are also responsible for other costs associated with participation in the scheme eg costs related to early release of benefits and termination valuation costs.

3.2 Members were previously notified of a £599k termination deficit for Highland and Islands Structural Partnership as a result of the company winding up.

3.3 To date £480k has been received from the organisation and the outstanding balance of £119k has been formally requested from the Scottish Government, the guarantors for the Partnership.

4. Administration Costs

4.1 The annual staffing budget for Pensions Administration is currently £24.5k underspent.

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 July 2015 were £7,920. These were checked and approved against the scale charge in the contract.

6. 2015 Scheme

6.1 The Care Average Revalued Earnings Scheme (CARE) was implemented successfully with effect from 1 April 2015 and both Pension and Payroll systems have been modified to administer the regulatory changes.

6.2 The Pension and Payroll teams continue to support scheme employers to understand the new administration requirements.

7. Training Opportunities

7.1 Members are invited to note a training seminar on 4 October 2015, details of which appear in Appendix 1 of this report.

8. Performance Indicators

8.1 The Highland Council Pension Fund Administration Strategy became operational on 1 July 2012 following consultation with scheme employers and is reviewed and updated annually.

8.2 The strategy sets out the roles and responsibilities of both the Administering Authority and Scheme Employers and includes a number of key process and tasks to be benchmarked against expected timescales which will be included in the Council's Pension Fund Accounts.

8.3 Service level standards for the administering authority performance are based on industry standard. Performance Indicators are detailed in the table below.

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

8.5 Administering Authority Performance to 31 March 2015

Task	Target	Total received	% completed within target	Previous Year Percentage
New Entrants	Issue Statutory Notice within 14 days of receipt of complete new start notification	1627	87%	87%
Early Leaver	Issue entitlement notice within 2 months of leaving employment	973	94%	89%
Retirements including deferred benefits coming into payment	a) To be paid by date of entitlement (Not all information received)	534	72%	82%
	b) Benefits paid within 5 days of final piece of information	152	100	n/a
Death in Service	Contact next of kin within 5 days of notification being received	18	100%	100%
Transfers in from outwith fund	Issue statutory notice within 14 days of receipt of payment	81	100%	100%
Transfers of pension rights outwith fund	Make payment within 14 days of receipt of election	63	100%	100%
Estimate of benefits	Issue within 10 days of receipt of request	619	100%	100%

8.6 Scheme Employer Performance- Target performance 90%

Standard	1/4/14 to 31/3/15	% achieved	Previous year Percentage
New Start Notification – within 30 days of joining (or 10 days from first deduction if later)	1627	93%	91%
Retirement information – to allow benefits to be paid on time	305	91%	90%
Death in Service notification – within 7 days of death	18	100%	100%
Early Leaver Notification – Within 30 days of leaving (or 10 days after last deduction if earlier)	973	94%	93%
Year End Query responses – within 14 days	16 employers were issued with queries	100%	100%

9. Implications

9.1 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: 14 September 2015

Author: Charlie MacCallum, Payroll and Pension Manager

LGPS (Scotland) TRAINING SEMINAR**DATE: FRIDAY 9 OCTOBER 2015****VENUE: Caledonian Suite, COSLA Conference Centre,
19 Haymarket Yards,
Edinburgh
EH12 5BH****AGENDA**

TIME	ITEM
9:30 – 10:00	Arrivals/Registration, Tea & Coffee
10:00	Introduction to the day
10:05 – 10:45	Governance & Fiduciary Duties Presenter: Karen McWilliam, Head of Public Sector Benefits Consultancy, AON Hewitt
10:45 – 11:15	The Role of the Actuary in LGPS Presenter: Graeme Muir, Partner, Barnett Waddingham LLP
11:15 – 12:00	Responsible Investment & ESG Presenter: Sacha Sadan, Director of Corporate Governance, LGIM Ltd
12:00 – 13:00	Lunch
13:00 – 13:45	Asset Allocation & Equities Investment Presenter: Tom Wright, Client Service Director, Baillie Gifford & Co
13:45 – 14:30	Fixed Income Presenter: M&G TBN
14:30 – 14:45	Tea/Coffee
14:45 – 15:30	Alternative Investing Presenters: Dr Thomas Weber, Managing Partner, LGT Capital Partners Ltd John Wilkinson, Executive Director, LGT Capital Partners Ltd

15:30 – 16:15	Passive Investment Presenter: Adam Willis, Head of Index Fund Distribution, LGIM Ltd
16:15 – 16:20	Close