

The Highland Council

Pensions Committee – 24 September 2015

Agenda Item	9
Report No	PC/09/15

The Highland Council Pension Fund - Monitoring of Retirements

Report by Director of Finance

Summary

This Report provides information relating to retirements from The Highland Council Pension Fund for the year ended 31 March 2015.

1. Background

- 1.1 In December 1997 the Accounts Commission for Scotland published “*Bye now pay later*”, a report on Councils’ management of early retirement from the Local Government Pension Scheme.
- 1.2 As a result of this report the Finance Committee agreed on 26 August 1998 that the following information should be monitored and presented annually:
 - Number and types of retirements
 - The total liability to the pension fund and revenue account in respect of these
 - Comparison of the actual incidence of ill-health retirement against the numbers assumed at the last valuation of the fund
 - Breakdown of these details between services and all bodies participating in The Highland Council Pension Fund
- 1.3 In June 2003 Audit Scotland published a further report “*Bye now, pay later: a follow up review of the management of early retirement*”.
- 1.4 This report recommended that details of expected savings on early retirements be included in the annual reports, and indicated that these reports should be presented to the appropriate Committee.

2. Analysis of Early Retirements

- 2.1 The Appendix to this report provides details of the following:
 - Summary of retirements
 - Highland Council retirements
 - Non Highland Council retirements
 - Comparisons with previous years

2.2 The total number of retirements for the whole fund increased between 2013/14 and 2014/15 by 54 (from 257 to 311). There was an increase of 39 in normal retirements (from 169 to 208). The number of ill-health retirements remained relatively stable increasing by 2 (from 23 to 25).

2.3 The instances of flexible retirements have increased again from 42 in 2013/14 to 49 in 2014/15. Efficiency retirements remained the same as the previous year at 3 and redundancy retirements increased by 6 from 20 in 2013/14 to 26 in 2014/15.

3. Implications

3.1 There are no resource, legal, risk, equalities, climate change/Carbon Clever, Gaelic or rural implications to highlight in the report.

Recommendation

Members are asked to consider the report.

Designation: Director of Finance

Date: 9 September 2015

Background Papers Appendix (Tables 1 to 4)

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Table 1 - Summary of Retirements

Employer	Type of retirement	Number	Capitalised cost to revenue account £	Capitalised cost to pension fund £	Total Capitalised Cost £	Saving £	Net Cost £
THE HIGHLAND COUNCIL	Normal	110	0.00	0.00	0.00	0.00	0.00
	Ill-health	14	0.00	733,109.18	733,109.18	0.00	733,109.18
	Flexible	33	0.00	60,282.77	60,282.77	0.00	60,282.77
	Redundancy	9	425,466.33	153,538.81	579,005.14	1,594,736.45	1,015,731.31
	Efficiency	1	0.00	0.00	0.00	0.00	0.00
TOTAL	ALL TYPES	167	425,466.33	946,930.76	1,372,397.09	1,594,736.45	-222,339.36
OTHER EMPLOYERS	Normal	98	0.00	0.00	0.00	0.00	0.00
	Ill-health	11	0.00	1,439,662.15	1,439,662.15	0.00	1,439,662.15
	Flexible	16	0.00	8,815.05	8,815.05	0.00	8,815.05
	Redundancy	17	349,373.07	302,817.38	652,190.45	1,920,824.97	1,268,634.52
	Efficiency	2	0.00	27,214.55	27,214.55	0.00	27,214.55
TOTAL	ALL TYPES	144	349,373.07	1,778,509.13	2,127,882.20	1,920,824.97	207,057.23
TOTALS FOR ALL EMPLOYERS	Normal	208	0.00	0.00	0.00	0.00	0.00
	Ill-health	25	0.00	2,172,771.33	2,172,771.33	0.00	2,172,771.33
	Flexible	49	0.00	69,097.82	69,097.82	0.00	69,097.82
	Redundancy	26	774,839.40	456,356.19	1,231,195.59	3,515,561.42	2,284,365.83
	Efficiency	3	0.00	27,214.55	27,214.55	0.00	27,214.55
GRAND TOTALS	ALL TYPES	311	774,839.40	2,725,439.89	3,500,279.29	3,515,561.42	-15,282.13

NOTES:

- 1) Only retirements in respect of members of the Local Government Pension Scheme are included.
- 2) The capitalised costs have been calculated using a nationally agreed actuarial method. These are the capitalised values of the costs resultant from the early retirements based on the period to the scheme members eligible retirement date.
- 3) The total capitalised cost is the total of the costs to the revenue account and the pension fund.
- 4) For redundancy, efficiency & flexible retirements, although there may be a capitalised cost to the pension fund quoted, this cost is recharged to the revenue account of the employer/employing service by lump sum or in instalments.

Retirements For Period 1 April 2014 to 31 March 2015

Table 2 - Details of HC Retirements:							
Service	Type of retirement	Number	Capitalised cost to revenue account £	Capitalised cost to pension fund £	Total Capitalised Cost £	Saving £	Net Cost £
Development & Infrastructure	Normal	2	0.00	0.00	0.00	0.00	0.00
	Ill-health	1	0.00	84,860.18	84,860.18	0.00	84,860.18
	Flexible	1	0.00	0.00	0.00	0.00	0.00
	Redundancy	3	143,919.46	95,817.21	239,736.67	697,460.08	-457,723.41
	Efficiency	0	0.00	0.00	0.00	0.00	0.00
Community Services	Normal	36	0.00	0.00	0.00	0.00	0.00
	Ill-health	9	0.00	540,595.08	540,595.08	0.00	540,595.08
	Flexible	6	0.00	0.00	0.00	0.00	0.00
	Redundancy	3	127,826.25	7,843.16	135,669.41	244,433.02	-108,763.61
	Efficiency	0	0.00	0.00	0.00	0.00	0.00
Finance	Normal	7	0.00	0.00	0.00	0.00	0.00
	Ill-health	1	0.00	62,509.77	62,509.77	0.00	62,509.77
	Flexible	5	0.00	3,939.05	3,939.05	0.00	3,939.05
	Redundancy	0	0.00	0.00	0.00	0.00	0.00
	Efficiency	1	0.00	0.00	0.00	0.00	0.00
Care & Learning	Normal	56	0.00	0.00	0.00	0.00	0.00
	Ill-health	3	0.00	45,144.15	45,144.15	0.00	45,144.15
	Flexible	18	0.00	56,343.72	56,343.72	0.00	56,343.72
	Redundancy	3	153,720.62	49,878.44	203,599.06	652,843.35	-449,244.29
	Efficiency	0	0.00	0.00	0.00	0.00	0.00
Corporate	Normal	9	0.00	0.00	0.00	0.00	0.00
	Ill-health	0	0.00	0.00	0.00	0.00	0.00
	Flexible	3	0.00	0.00	0.00	0.00	0.00
	Redundancy	0	0.00	0.00	0.00	0.00	0.00
	Efficiency	0	0.00	0.00	0.00	0.00	0.00
TOTALS FOR ALL SERVICES	Normal	110	0.00	0.00	0.00	0.00	0.00
	Ill-health	14	0.00	733,109.18	733,109.18	0.00	733,109.18
	Flexible	33	0.00	60,282.77	60,282.77	0.00	60,282.77
	Redundancy	9	425,466.33	153,538.81	579,005.14	1,594,736.45	-1,015,731.31
	Efficiency	1	0.00	0.00	0.00	0.00	0.00
TOTAL	ALL TYPES	167	425,466.33	946,930.76	1,372,397.09	1,594,736.45	-222,339.36

Table 3 – Details of Other Employers’ Retirements:

Employer	Type of retirement	Number	Capitalised cost to employer revenue budget £	Capitalised cost to the pension fund £	Total Capitalised Cost £	Saving £	Net Cost £
Comhairle nan Eilean Siar	Normal	35	0.00	0.00	0.00	0.00	0.00
	Ill-health	2	0.00	96,536.83	96,536.83	0.00	96,536.83
	Flexible	3	0.00	8,815.05	8,815.05	0.00	8,815.05
	Redundancy	6	51,444.42	134,316.95	185,761.37	900,298.72	-714,537.35
	Efficiency	2	0.00	27,214.55	27,214.55	0.00	27,214.55
Inverness Harbour Trust	Normal	1	0.00	0.00	0.00	0.00	0.00
	Ill-health	0	0.00	0.00	0.00	0.00	0.00
	Flexible	0	0.00	0.00	0.00	0.00	0.00
	Redundancy	0	0.00	0.00	0.00	0.00	0.00
	Efficiency	0	0.00	0.00	0.00	0.00	0.00
Eden Court Theatre	Normal	1	0.00	0.00	0.00	0.00	0.00
	Ill-health	0	0.00	0.00	0.00	0.00	0.00
	Flexible	0	0.00	0.00	0.00	0.00	0.00
	Redundancy	0	0.00	0.00	0.00	0.00	0.00
	Efficiency	0	0.00	0.00	0.00	0.00	0.00
Inverness College	Normal	1	0.00	0.00	0.00	0.00	0.00
	Ill-health	0	0.00	0.00	0.00	0.00	0.00
	Flexible	0	0.00	0.00	0.00	0.00	0.00
	Redundancy	0	0.00	0.00	0.00	0.00	0.00
	Efficiency	0	0.00	0.00	0.00	0.00	0.00
Lews Castle College	Normal	1	0.00	0.00	0.00	0.00	0.00
	Ill-health	0	0.00	0.00	0.00	0.00	0.00
	Flexible	0	0.00	0.00	0.00	0.00	0.00
	Redundancy	0	0.00	0.00	0.00	0.00	0.00
	Efficiency	0	0.00	0.00	0.00	0.00	0.00

UHI	Normal	4	0.00	0.00	0.00	0.00	0.00
	Ill-health	0	0.00	0.00	0.00	0.00	0.00
	Flexible	0	0.00	0.00	0.00	0.00	0.00
	Redundancy	0	0.00	0.00	0.00	0.00	0.00
	Efficiency	0	0.00	0.00	0.00	0.00	0.00
Incerness Leisure	Normal	1	0.00	0.00	0.00	0.00	0.00
	Ill-health	0	0.00	0.00	0.00	0.00	0.00
	Flexible	1	0.00	0.00	0.00	0.00	0.00
	Redundancy	0	0.00	0.00	0.00	0.00	0.00
	Efficiency	0	0.00	0.00	0.00	0.00	0.00
Bord Na Gaidhlig	Normal	1	0.00	0.00	0.00	0.00	0.00
	Ill-health	0	0.00	0.00	0.00	0.00	0.00
	Flexible	0	0.00	0.00	0.00	0.00	0.00
	Redundancy	0	0.00	0.00	0.00	0.00	0.00
	Efficiency	0	0.00	0.00	0.00	0.00	0.00
Hebridean Housing Partnership	Normal	1	0.00	0.00	0.00	0.00	0.00
	Ill-health	0	0.00	0.00	0.00	0.00	0.00
	Flexible	0	0.00	0.00	0.00	0.00	0.00
	Redundancy	0	0.00	0.00	0.00	0.00	0.00
	Efficiency	0	0.00	0.00	0.00	0.00	0.00
Morrison FM	Normal	3	0.00	0.00	0.00	0.00	0.00
	Ill-health	0	0.00	0.00	0.00	0.00	0.00
	Flexible	0	0.00	0.00	0.00	0.00	0.00
	Redundancy	0	0.00	0.00	0.00	0.00	0.00
	Efficiency	0	0.00	0.00	0.00	0.00	0.00
Skills Development Scotland (former Careers Scotland)	Normal	2	0.00	0.00	0.00	0.00	0.00
	Ill-health	0	0.00	0.00	0.00	0.00	0.00
	Flexible	0	0.00	0.00	0.00	0.00	0.00
	Redundancy	0	0.00	0.00	0.00	0.00	0.00
	Efficiency	0	0.00	0.00	0.00	0.00	0.00

Fujitsu	Normal	3	0.00	0.00	0.00	0.00	0.00
	Ill-health	0	0.00	0.00	0.00	0.00	0.00
	Flexible	0	0.00	0.00	0.00	0.00	0.00
	Redundancy	0	0.00	0.00	0.00	0.00	0.00
	Efficiency	0	0.00	0.00	0.00	0.00	0.00
Highlife Highland	Normal	12	0.00	0.00	0.00	0.00	0.00
	Ill-health	1	0.00	481,245.63	481,245.63	0.00	481,245.63
	Flexible	2	0.00	0.00	0.00	0.00	0.00
	Redundancy	7	95,878.56	48,264.31	144,142.87	484,924.22	-340,781.35
	Efficiency	0	0.00	0.00	0.00	0.00	0.00
NHS Highland	Normal	30	0.00	0.00	0.00	0.00	0.00
	Ill-health	8	0.00	861,879.69	861,879.69	0.00	861,879.69
	Flexible	10	0.00	0.00	0.00	0.00	0.00
	Redundancy	0	0.00	0.00	0.00	0.00	0.00
	Efficiency	0	0.00	0.00	0.00	0.00	0.00
Scottish Police Authority	Normal	1	0.00	0.00	0.00	0.00	0.00
	Ill-health	0	0.00	0.00	0.00	0.00	0.00
	Flexible	0	0.00	0.00	0.00	0.00	0.00
	Redundancy	3	137,573.20	107,506.19	245,079.39	312,225.41	-67,146.02
	Efficiency	0	0.00	0.00	0.00	0.00	0.00
Scottish Fire & Rescue Service	Normal	1	0.00	0.00	0.00	0.00	0.00
	Ill-health	0	0.00	0.00	0.00	0.00	0.00
	Flexible	0	0.00	0.00	0.00	0.00	0.00
	Redundancy	1	64,476.89	12,729.93	77,206.82	223,376.62	-146,169.80
	Efficiency	0	0.00	0.00	0.00	0.00	0.00
TOTALS FOR OTHER EMPLOYERS	Normal	98	0.00	0.00	0.00	0.00	0.00
	Ill-health	11	0.00	1,439,662.15	1,439,662.15	0.00	1,439,662.15
	Flexible	16	0.00	8,815.05	8,815.05	0.00	8,815.05
	Redundancy	17	349,373.07	302,817.38	652,190.45	1,920,824.97	-1,268,634.52
	Efficiency	2	0.00	27,214.55	27,214.55	0.00	27,214.55
TOTAL	ALL TYPES	144	349,373.07	1,778,509.13	2,127,882.20	1,920,824.97	207,057.23

NOTES:

1) All costs on the pension fund as a result of redundancy, efficiency or flexible retirement are recharged either as a lump sum or in annual instalments (of up to 5 years max).

2) There have been no retirements from the following employers:

Stornoway Port Authority	North Highland College
Highland Opportunity	Highland Blindcraft
Cromarty Firth Port Authority	Vacman
Sight Action	An Comunn Gaidhealach
Western Isles Tourist Board	HIE (former LECS)
Highlands of Scotland Tourist Board	RS Occupational Health
Forth & Oban	SPSA
Valuation Joint Board	HITRANS

Table 4 – Comparison With Previous Years:

Employer	Type of retirement	2014/15 No	% of Retirals	2013/14 No	% of Retirals	2012/13 No	% of Retirals	2011/12 No	% of Retirals	2010/11 No	% of Retirals	2009/10 No	% of Retirals	2008/9 No	% of Retirals	2007/08 No	% of Retirals	2006/07 No	% of Retirals
THE	Normal	110	65.87%	99	69.23%	102	61.08%	170	61.60%	142	70.65%	120	69.77%	126	75.90%	112	63.64%	93	69.93%
HIGHLAND	Ill-health	14	8.38%	8	5.59%	15	8.98%	32	11.59%	34	16.91%	30	17.44%	35	21.09%	27	15.34%	33	24.81%
COUNCIL	Flexible	33	19.76%	30	20.98%	24	14.37%	13	4.71%	6	2.98%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
	Redundancy	9	5.39%	5	3.50%	25	14.97%	61	22.10%	18	8.96%	20	11.63%	5	3.01%	34	19.32%	5	3.76%
	Efficiency	1	0.60%	1	0.70%	1	0.60%	0	0.00%	1	0.50%	2	1.16%	0	0.00%	3	1.70%	2	1.50%
TOTAL	ALL TYPES	167	100%	143	100%	167	100%	276	100%	201	100%	172	100%	166	100%	176	100%	133	100%
OTHER	Normal	98	68.06%	70	61.40%	54	49.54%	48	35.82%	36	27.27%	48	57.14%	36	48.65%	23	50.00%	16	48.49%
EMPLOYERS	Ill-health	11	7.64%	15	13.16%	9	8.26%	8	5.97%	8	6.06%	2	2.38%	13	17.57%	15	32.61%	14	42.42%
	Flexible	16	11.11%	12	10.53%	12	11.01%	3	2.24%	1	0.76%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
	Redundancy	17	11.80%	15	13.16%	34	31.19%	73	54.48%	85	64.39%	33	39.29%	24	32.43%	7	15.22%	2	6.06%
	Efficiency	2	1.39%	2	1.75%	0	0.00%	2	1.49%	2	1.52%	1	1.19%	1	1.35%	1	2.17%	1	3.03%
TOTAL	ALL TYPES	144	100%	114	100%	109	100%	134	100%	132	100%	84	100%	74	100%	46	100%	33	100%
TOTALS FOR	Normal	208	66.88%	169	65.76%	156	56.52%	218	53.17%	178	53.46%	168	65.63%	162	67.50%	135	60.81%	109	65.66%
ALL	Ill-health	25	8.04%	23	8.95%	24	8.70%	40	9.76%	42	12.61%	32	12.50%	48	20.00%	42	18.92%	47	28.31%
EMPLOYERS	Flexible	49	15.76%	42	16.34%	36	13.04%	16	3.90%	7	2.10%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
	Redundancy	26	8.36%	20	7.78%	59	21.38%	134	32.68%	103	30.93%	53	20.70%	29	12.08%	41	18.47%	7	4.22%
	Efficiency	3	0.96%	3	1.17%	1	0.36%	2	0.49%	3	0.90%	3	1.17%	1	0.42%	4	1.80%	3	1.81%
GRAND TOTALS	ALL TYPES	311	100%	257	100%	276	100%	410	100%	333	100%	256	100%	240	100%	222	100%	166	100%

Employer	Type of retirement	2005/06 No	% of Retirals	2004/05 No	% of Retirals	2003/04 No	% of Retirals	2002/3 No	% of Retirals	2001/2 No	% of Retirals	2000/1 No	% of Retirals	1999/00 No	% of Retirals	1998/9 No	% of Retirals	1997/8 No	% of Retirals
THE	Normal	84	65.12%	84	65.12%	74	64.91%	75	60.98%	85	42.29%	83	61.48%	46	36.80%	67	50.76%	60	37.27%
HIGHLAND	Ill-health	36	27.90%	42	32.56%	27	23.68%	27	21.95%	60	29.85%	48	35.56%	61	48.80%	46	34.85%	56	34.78%
COUNCIL	Flexible	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
	Redundancy	8	6.20%	3	2.32%	13	11.41%	20	16.26%	55	27.36%	3	2.22%	16	12.80%	17	12.88%	40	24.84%
	Efficiency	1	0.78%	0	0.00%	0	0.00%	1	0.81%	1	1.00%	1	1.00%	2	1.00%	2	1.00%	5	3.11%
TOTAL	ALL TYPES	129	100%	129	100%	114	100%	123	100%	201	100%	135	100%	125	100%	132	100%	161	100%
OTHER	Normal	17	30.91%	22	66.67%	21	53.85%	21	52.50%	12	29.27%	19	46.34%	15	44.12%	9	23.08%	18	37.50%
EMPLOYERS	Ill-health	14	25.45%	9	27.27%	13	33.33%	15	37.50%	14	34.15%	15	36.59%	14	41.18%	17	43.59%	13	27.08%
	Flexible	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
	Redundancy	22	40.00%	0	0.00%	3	7.70%	4	10.00%	14	34.15%	6	14.63%	3	8.82%	12	30.77%	14	29.17%
	Efficiency	2	3.64%	2	6.06%	2	5.12%	0	0.00%	1	2.44%	1	2.44%	2	5.88%	1	2.56%	3	6.25%
TOTAL	ALL TYPES	55	100%	33	100%	39	100%	40	100%	41	100%	41	100%	34	100%	39	100%	48	100%
TOTALS FOR	Normal	101	54.89%	106	65.43%	95	62.09%	96	58.90%	97	40.08%	102	57.95%	61	38.36%	76	44.44%	78	37.32%
ALL	Ill-health	50	27.17%	51	31.48%	40	26.14%	42	25.77%	74	30.58%	63	35.80%	75	47.17%	63	36.84%	69	33.01%
EMPLOYERS	Flexible	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
	Redundancy	30	16.30%	3	1.86%	16	10.46%	24	14.72%	69	28.51%	9	5.11%	19	11.95%	29	16.96%	54	25.84%
	Efficiency	3	1.64%	2	1.23%	2	1.31%	1	0.61%	2	0.83%	2	1.14%	4	2.52%	3	1.75%	8	3.83%
GRAND TOTALS	ALL TYPES	184	100%	162	100%	153	100%	163	100%	242	100%	176	100%	159	100%	171	100%	209	100%