

The Highland Council
Pensions Committee – 22 September 2016

Agenda Item	11
Report No	PC/13/16

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 2016.

1. Background

1.1 Following recommendations from reports issued by the Accounts Commission and Audit Scotland 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
- Breakdown of these details between services and all bodies participating in The Highland Council Pension Fund.

1.2 In June 2003 Audit Scotland published a further report "*Bye now, pay later: a follow up review of the management of early retirement*".

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 significant variance from the 2014/15 year is the increase in redundancies as a result of the Voluntary Severance initiative undertaken by Highland Council in January 2016.

Recommendation

Members are asked to consider the report.

Designation: Director of Finance

Date: 9 September 2016

Background Papers: Appendix (Tables 1 to 4)

Author: Charlie MacCallum, Payroll and Pensions Manager

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	100	0.00	0.00	0.00	0.00	0.00
	Ill-health	17	0.00	1,245,883.15	1,245,883.15	0.00	1,245,883.15
	Flexible	50	0.00	42,136.59	42,136.59	0.00	42,136.59
	Redundancy	117	2,918,101.59	2,782,647.42	5,700,749.01	22,832,636.18	-17,131,887.17
	Efficiency	1	29,813.31	33,291.33	63,104.64	0.00	63,104.64
TOTAL	ALL TYPES	285	2,947,914.90	4,103,958.49	7,051,873.39	22,832,636.18	-15,780,762.79
OTHER EMPLOYERS	Normal	69	0.00	0.00	0.00	0.00	0.00
	Ill-health	11	0.00	1,010,333.43	1,010,333.43	0.00	1,010,333.43
	Flexible	23	0.00	4,249.85	4,249.85	0.00	4,249.85
	Redundancy	14	298,647.45	269,547.96	568,195.41	2,699,975.78	-2,131,780.37
	Efficiency	0	0.00	0.00	0.00	0.00	0.00
TOTAL	ALL TYPES	117	298,647.45	1,284,131.24	1,582,778.69	2,699,975.78	-1,117,197.09
TOTALS FOR ALL EMPLOYERS	Normal	169	0.00	0.00	0.00	0.00	0.00
	Ill-health	28	0.00	2,256,216.58	2,256,216.58	0.00	2,256,216.58
	Flexible	73	0.00	46,386.44	46,386.44	0.00	46,386.44
	Redundancy	131	3,216,749.04	3,052,195.38	6,268,944.42	25,532,611.96	-19,263,667.54
	Efficiency	1	29,813.31	33,291.33	63,104.64	0.00	63,104.64
GRAND TOTALS	ALL TYPES	402	3,246,562.35	5,388,089.73	8,634,652.08	25,532,611.96	-16,897,959.88

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.

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	9	0.00	0.00	0.00	0.00	0.00
	Ill-health	1	0.00	251,645.70	251,645.70	0.00	251,645.70
	Flexible	8	0.00	8,482.63	8,482.63	0.00	8,482.63
	Redundancy Efficiency	24 0	796,773.40 0.00	644,536.38 0.00	1,441,309.78 0.00	5,085,266.62 0.00	-3,643,956.84 0.00
Community Services	Normal	13	0.00	0.00	0.00	0.00	0.00
	Ill-health	5	0.00	410,309.74	410,309.74	0.00	410,309.74
	Flexible	11	0.00	0.00	0.00	0.00	0.00
	Redundancy Efficiency	24 0	788,867.94 0.00	964,165.48 0.00	1,753,033.42 0.00	7,602,716.52 0.00	-5,849,683.10 0.00
Finance	Normal	8	0.00	0.00	0.00	0.00	0.00
	Ill-health	3	0.00	62,509.77	62,509.77	0.00	62,509.77
	Flexible	6	0.00	2,026.73	2,026.73	0.00	2,026.73
	Redundancy Efficiency	13 0	297,483.41 0.00	126,970.44 0.00	424,453.85 0.00	1,707,243.03 0.00	-1,282,789.18 0.00
Care & Learning	Normal	67	0.00	0.00	0.00	0.00	0.00
	Ill-health	8	0.00	521,417.94	521,417.94	0.00	521,417.94
	Flexible	24	0.00	31,627.23	31,627.23	0.00	31,627.23
	Redundancy	33	512,611.42	360,560.77	873,172.19	3,531,998.32	-2,658,826.13
	Efficiency	1	29,813.31	33,291.33	63,104.64	0.00	63,104.64
Corporate Development	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	1	0.00	0.00	0.00	0.00	0.00
	Redundancy	23	522,365.42	686,414.35	1,208,779.77	4,905,411.69	-3,696,631.92
	Efficiency	0	0.00	0.00	0.00	0.00	0.00
TOTALS FOR ALL SERVICES	Normal	100	0.00	0.00	0.00	0.00	0.00
	Ill-health	17	0.00	1,245,883.15	1,245,883.15	0.00	1,245,883.15
	Flexible	50	0.00	42,136.59	42,136.59	0.00	42,136.59
	Redundancy	117	2,918,101.59	2,782,647.42	5,700,749.01	22,832,636.18	-17,131,887.17
	Efficiency	1	29,813.31	33,291.33	63,104.64	0.00	63,104.64
TOTAL	ALL TYPES	285	2,947,914.90	4,103,958.49	7,051,873.39	22,832,636.18	-15,780,762.79

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	22	0.00	0.00	0.00	0.00	0.00
	Ill-health	1	0.00	29,305.75	29,305.75	0.00	29,305.75
	Flexible	9	0.00	4,249.85	4,249.85	0.00	4,249.85
	Redundancy	9	160,372.44	182,212.07	342,584.51	1,689,483.88	-1,346,899.37
	Efficiency	0	0.00	0.00	0.00	0.00	0.00
Joint Valuation Board	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	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
Inverness College	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
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	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	29,305.00	73,048.22	102,353.22	778,844.45	-676,491.23
	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 (Early Consent)	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	0	0.00	0.00	0.00	0.00	0.00
	Ill-health	1	0.00	24,259.39	24,259.39	0.00	24,259.39
	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
SPSA	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
SDS	Normal	0	0.00	0.00	0.00	0.00	0.00
	Ill-health	0	0.00	0.00	0.00	0.00	0.00
	Flexible	2	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	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
Highlife Highland	Normal	8	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	2	16,474.80	3,539.37	20,014.17	23,194.08	-3,179.91
	Efficiency	0	0.00	0.00	0.00	0.00	0.00
Forth & Oban	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
NHS Highland	Normal	24	0.00	0.00	0.00	0.00	0.00
	Ill-health	9	0.00	956,768.29	956,768.29	0.00	956,768.29
	Flexible	7	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 (former Northern Joint Police Board)	Normal	5	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
Scottish Fire & Rescue Service (former Highland & Islands Fire Board)	Normal	0	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	2	92,495.21	10,748.30	103,243.51	208,453.37	-105,209.86
	Efficiency	0	0.00	0.00	0.00	0.00	0.00
TOTALS FOR OTHER EMPLOYERS	Normal	69	0.00	0.00	0.00	0.00	0.00
	Ill-health	11	0.00	1,010,333.43	1,010,333.43	0.00	1,010,333.43
	Flexible	23	0.00	4,249.85	4,249.85	0.00	4,249.85
	Redundancy	14	298,647.45	269,547.96	568,195.41	2,699,975.78	-2,131,780.37
	Efficiency	0	0.00	0.00	0.00	0.00	0.00
TOTAL	ALL TYPES	117	298,647.45	1,284,131.24	1,582,778.69	2,699,975.78	-1,117,197.09

Table 4 - Comparison With Previous Years:

Employer	Type of retirement	2015/16 No	% of Retirals	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
THE	Normal	100	35.10%	110	65.87%	99	69.23%	102	61.08%	170	61.60%	142	70.65%	120	69.77%	126	75.90%	112	63.64%
HIGHLAND	Ill-health	17	5.96%	14	8.38%	8	5.59%	15	8.98%	32	11.59%	34	16.91%	30	17.44%	35	21.09%	27	15.34%
COUNCIL	Flexible	50	17.54%	33	19.76%	30	20.98%	24	14.37%	13	4.71%	6	2.98%	0	0.00%	0	0.00%	0	0.00%
	Redundancy	117	41.05%	9	5.39%	5	3.50%	25	14.97%	61	22.10%	18	8.96%	20	11.63%	5	3.01%	34	19.32%
	Efficiency	1	0.35%	1	0.60%	1	0.70%	1	0.60%	0	0.00%	1	0.50%	2	1.16%	0	0.00%	3	1.70%
TOTAL	ALL TYPES	285	100%	167	100%	143	100%	167	100%	276	100%	201	100%	172	100%	166	100%	176	100%
OTHER	Normal	69	58.97%	98	68.06%	70	61.40%	54	49.54%	48	35.82%	36	27.27%	48	57.14%	36	48.65%	23	50.00%
EMPLOYERS	Ill-health	11	9.40%	11	7.64%	15	13.16%	9	8.26%	8	5.97%	8	6.06%	2	2.38%	13	17.57%	15	32.61%
	Flexible	23	19.66%	16	11.11%	12	10.53%	12	11.01%	3	2.24%	1	0.76%	0	0.00%	0	0.00%	0	0.00%
	Redundancy	14	11.97%	17	11.80%	15	13.16%	34	31.19%	73	54.48%	85	64.39%	33	39.29%	24	32.43%	7	15.22%
	Efficiency	0	0.00%	2	1.39%	2	1.75%	0	0.00%	2	1.49%	2	1.52%	1	1.19%	1	1.35%	1	2.17%
TOTAL	ALL TYPES	117	100%	144	100%	114	100%	109	100%	134	100%	132	100%	84	100%	74	100%	46	100%
TOTALS FOR	Normal	169	42.04%	208	66.88%	169	65.76%	156	56.52%	218	53.17%	178	53.46%	168	65.63%	162	67.50%	135	60.81%
ALL	Ill-health	28	6.96%	25	8.04%	23	8.95%	24	8.70%	40	9.76%	42	12.61%	32	12.50%	48	20.00%	42	18.92%
EMPLOYERS	Flexible	73	18.16%	49	15.76%	42	16.34%	36	13.04%	16	3.90%	7	2.10%	0	0.00%	0	0.00%	0	0.00%
	Redundancy	131	32.59%	26	8.36%	20	7.78%	59	21.38%	134	32.68%	103	30.93%	53	20.70%	29	12.08%	41	18.47%
	Efficiency	1	0.25%	3	0.96%	3	1.17%	1	0.36%	2	0.49%	3	0.90%	3	1.17%	1	0.42%	4	1.80%
GRAND TOTALS	ALL TYPES	402	100%	311	100%	257	100%	276	100%	410	100%	333	100%	256	100%	240	100%	222	100%

Employer	Type of retirement	2006/07 No	% of Retirals	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
THE	Normal	93	69.93%	84	65.12%	84	65.12%	74	64.91%	75	60.98%	85	42.29%	83	61.48%	46	36.80%	67	50.76%
HIGHLAND	Ill-health	33	24.81%	36	27.90%	42	32.56%	27	23.68%	27	21.95%	60	29.85%	48	35.56%	61	48.80%	46	34.85%
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	5	3.76%	8	6.20%	3	2.32%	13	11.41%	20	16.26%	55	27.36%	3	2.22%	16	12.80%	17	12.88%
	Efficiency	2	1.50%	1	0.78%	0	0.00%	0	0.00%	1	0.81%	1	1.00%	1	1.00%	2	1.00%	2	1.00%
TOTAL	ALL TYPES	133	100%	129	100%	129	100%	114	100%	123	100%	201	100%	135	100%	125	100%	132	100%
OTHER	Normal	16	48.49%	17	30.91%	22	66.67%	21	53.85%	21	52.50%	12	29.27%	19	46.34%	15	44.12%	9	23.08%
EMPLOYERS	Ill-health	14	42.42%	14	25.45%	9	27.27%	13	33.33%	15	37.50%	14	34.15%	15	36.59%	14	41.18%	17	43.59%
	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	2	6.06%	22	40.00%	0	0.00%	3	7.70%	4	10.00%	14	34.15%	6	14.63%	3	8.82%	12	30.77%
	Efficiency	1	3.03%	2	3.64%	2	6.06%	2	5.12%	0	0.00%	1	2.44%	1	2.44%	2	5.88%	1	2.56%
TOTAL	ALL TYPES	33	100%	55	100%	33	100%	39	100%	40	100%	41	100%	41	100%	34	100%	39	100%
TOTALS FOR	Normal	109	65.66%	101	54.89%	106	65.43%	95	62.09%	96	58.90%	97	40.08%	102	57.95%	61	38.36%	76	44.44%
ALL	Ill-health	47	28.31%	50	27.17%	51	31.48%	40	26.14%	42	25.77%	74	30.58%	63	35.80%	75	47.17%	63	36.84%
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	7	4.22%	30	16.30%	3	1.86%	16	10.46%	24	14.72%	69	28.51%	9	5.11%	19	11.95%	29	16.96%
	Efficiency	3	1.81%	3	1.64%	2	1.23%	2	1.31%	1	0.61%	2	0.83%	2	1.14%	4	2.52%	3	1.75%
GRAND TOTALS	ALL TYPES	166	100%	184	100%	162	100%	153	100%	163	100%	242	100%	176	100%	159	100%	171	100%