

## The Highland Council

Pensions Committee 1 February 2017

Agenda Item	<b>5</b>
Report No	<b>PC/02/17</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, 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 19<sup>th</sup> of each month.

#### 2. Scheme Employers 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. Employers Leaving the Fund

- 3.1 Highland Opportunities Ltd ceased to be a scheme employer with effect from 30<sup>th</sup> June 2016

3.2 In line with the Local Government Pension Scheme regulations a termination value calculation was requested from the Fund Actuaries and negotiations have commenced to agree a recovery period.

#### 4. Pension Fund Costs

4.1 The year-to-date pension costs for 2016/17, including accrued amounts, are presented in the table below The actual costs for 2015/16 are provided for context.

	1 April 2016 to 31 December 2016 £000	Full year actuals 2015/16 £000
Medical Exams (Staff)	2	4
Investment Consultant Fees	36	53
Actuarial Fees	26	25
Audit Fees	21*	49
Legal Expenses	1	21
Custodian Fees	43	68
Performance Management Fees	11	21
Investment Management Fees	2,469**	2,975
ICT Charges	1	1
Conference & Seminar Expenses	4	0
Subsistence	0	1
Bank Charges	3	2
Pensions Administration staff	556***	742
<b>Total</b>	<b>3,173</b>	<b>3,962</b>

\* Accrued amount as no invoices received yet. The expected full year audit fee for 2016/17 is £28,560

\*\*Investment Manager fees include an accrual for the quarter to December 2016 as Fund Managers have not yet issued invoices. For equities, fees are linked to the market value so as the market value of investments have increased fees have also increased.

\*\*\* Costs for Pensions Administration Staff have been estimated between April and December 2016 as Central Support Service cost allocation to be completed

#### 5. Employee Early Release Scheme

5.1 The Employee Early Release Scheme (EERS) was approved by Highland Council on 15<sup>th</sup> December 2016 and launched on 5<sup>th</sup> January 2017.

5.2 Details of the scheme have been shared with the Fund actuaries to allow them to assess any potential impact of the fund.

5.3 The actuaries have confirmed that the proposed course of action has been implemented in such a way that the financial health of the Fund will not be adversely affected by this exercise.

5.4 The pension administration team continue to provide support and guidance

during the exercise.

## **6. Application for Admitted Body Status**

- 6.1 Applications to join the Highland Council Pension Fund have been received from WIPRO and A&O IT Group Limited as part of the ICT re-provision exercise.
- 6.2 Due to the timescales involved these applications were considered and approved by Highland Council on 15 December 2016, subject to the normal financial safeguards to the fund being in place.

## **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: 24 January 2017

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