

Agenda Item	6
Report No	PC/11/18

HIGHLAND COUNCIL

Committee: Pensions Committee

Date: 09 August 2018

Report Title: **Pension Fund Contributions and Administration**

Report By: Report by Head of Corporate Finance and Commercialism

1. Purpose/Executive Summary

1.1 The purpose of this periodic report is to update members on matters relating to the administration of the Highland Council Pension Fund.

2. Recommendations

2.1 Members are asked to consider the details of the report.

3. Introduction

3.1 The Highland Council is the Administering Authority for the Highland Council Pension Fund.

3.2 In addition to the Highland Council, 31 employers participate as Admitted Bodies in the Fund.

3.3 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.

3.4 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.

4. Scheme Employers Pension Contributions

- 4.1 Pension contributions received from employers are checked for accuracy against known parameters and the dates received are recorded and monitored.
- 4.2 Contact is made with an employer in instances where payments are received late or not to the expected value.
- 4.3 Contributions from scheme employers are all being received on time and all contributions are up to date.

5. Employers Leaving the Fund

- 5.1 No employers have left the Fund since the last report.
- 5.2 The recently completed Valuation exercise introduced measures to safeguard the fund where employer agreements have limited time until termination.
- 5.3 In addition a nationally agreed deficit calculation funded by the Scottish Ministers is in place for Visit Scotland.

6 Employers joining the Fund

- 6.1 No employers have joined the Fund since the last report.

7 Pension Fund Costs

- 7.1 The pension costs from 1 April to 30 June 2018 compared to budget and forecast year end variances are presented in the table below. The Actual year to date is a similar amount to 2017/18 and it should be noted that Fund Manager fee invoices are still to be received.

	Actual Year to Date £000	Budget 2018/19 £000	Year End Estimate 2018/19 £000	Year End Variance 2018/19 £000
Medical Exams (Staff)	0*	1	1	0
Investment Consultant Fees	15*	5,650	5,650	0
Investment Advisor Fees	13*	52	52	0
Actuarial Fees	19*	70	76	6
Audit Fees	0*	28	28	0
Custodian Fees	0*	85	85	0
Performance Management Fees	0*	22	22	0
ICT Charges	1*	1	1	0
Conference & Seminar Expenses	0*	4	4	0
Bank Charges	0*	4	4	0
Pensions Administration costs	347	831	831	0
GMP exercise	3*	90	90	0
Total	398	6,838	6,844	6

8 Guaranteed Minimum Pension Comparison Exercise

- 8.1 Pension schemes, including those in the public sector, are required to undertake a data reconciliation exercise with HMRC between now and December 2018 to ensure that records in relation to periods of contracted out employment are correct. This will ensure that both details of Guaranteed Minimum Pensions (GMP) and periods of contracted out service, which are used to determine entitlement to the new single state pension, are up to date and robust.
- 8.2 The exercise is in 3 distinct parts
- Extract and comparison of data from pension system and HMRC. This will involve around 30,000 records
 - Analysis of records that do not match following the comparison and dialogue with HMRC
 - Correction of data and communication with scheme members
- 8.3 The first stage comparison has now been completed, returning a 52% exact match of data, in line with the experience of other Scottish Funds. The cost of this initial comparison was £3,000.
- 8.4 The second stage analysis is now underway with records being submitted to HMRC for amended data. The cost of this stage will be £16,000.
- 8.5 Although the exact cost of the exercise cannot be quantified until the analysis is complete, it is expected to be in line with that originally quoted (£90,000).

9 Change to Regulations

- 9.1 The latest change to the Pension regulations has removed the requirement for employer consent to allow LGPS scheme members over the age of 55 leaving employment to access pension benefits. The Highland Council Policy will require to be amended to reflect this change.

10 Annual Benefit Statements

- 10.1 Annual benefit statements as at 31 March 2018 will be available on line by 31 August 2018.

11 Performance Indicators

- 11.1 Performance Indicators for the 2017/18 Financial Year are included in the Pension Fund Accounts and can be accessed via the following link.

http://www.highlandpensionfund.org/media/3963/2017_18_pf-annual-report-and-annual-accounts- unaudited.pdf

12. Implications

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

Designation: Head of Corporate Finance and Commercialism

Date: 21 June 2018

Author: Charlie MacCallum

Background Papers