

Agenda Item	3
Report No	PC/1/19

HIGHLAND COUNCIL

Committee: Pensions Committee

Date: 28 February 2019

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:
- i. Consider the details of the report

3. Introduction

- 3.1 The Highland Council is the Administering Authority for the Highland Council Pension Fund. In addition to the Highland Council, 31 employers participate as Admitted Bodies in the Fund.
- 3.2 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.

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. The recently completed Valuation exercise introduced measures to safeguard the fund where employer agreements have a limited timeframe.

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 31 December 2018 compared to budget and forecast year end variances are presented in the table below. The budget for 2019/20 will be set on same basis to 2018/19 and will be reported to the next Pensions Committee
- 7.2 There is a forecast overspend against the Investor Advisor fees due to additional work required on equity protection and reports on the risks associated with Brexit.

	Actual	Budget	Year End	Year End
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	Year to Date £000	2018/19 £000	Estimate 2018/19 £000	Variance 2018/19 £000
Medical Exams (Staff)	0*	1	1	0
Investment Manager Fees	1,929*	5,650	5,650	0
Investment Advisor Fees	60*	52	80	28
Actuarial Fees	37*	70	76	6
Audit Fees	10*	28	28	0
Custodian Fees	49*	85	85	0
Performance Management Fees	11*	22	22	0
ICT Charges	1*	1	1	0
Conference & Seminar Expenses	0*	4	4	0
Bank Charges	1*	4	4	0
Pensions Administration costs	843	864	863	(1)
GMP exercise	119*	110	134	24
Total	3,060	6,891	6,948	57

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. 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 comparison exercise for the Highland Council Pension Fund is ongoing and the match rate has risen from an initial 52% to 84% as at the end of January 2019. It is anticipated that this will increase to over 90% when the latest matching queries have been received from HMRC. This is in line with the match rate of other funds in Scotland.

9 Pension Administration system

- 9.1 The contract for the Pension Administration system currently supplied by Aquila Heywood is due to be renewed. The Pension Fund is working with the Procurement team to utilise the Framework agreement for this service created by Lothian Pension Fund.

10. Implications

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

Designation: Head of Corporate Finance and Commercialism

Date: 19 January 2019

Author: Charlie MacCallum

Background Papers: