

Agenda Item	4
Report No	PC/11/21

HIGHLAND COUNCIL

Committee: Pensions Committee

Date: 22 September 2021

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

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. Implications

- 3.1 Resource – as described in the report.
- 3.2 Legal - none
- 3.3 Community (Equality, Poverty, Rural and Island) - none
- 3.4 Climate Change / Carbon Clever – none
- 3.5 Risk – none
- 3.6 Gaelic - none

4. Introduction

- 4.1 The Highland Council is the Administering Authority for the Highland Council Pension Fund. In addition to the Highland Council, 25 employers participate as admitted or scheduled Bodies in the Fund.
- 4.2 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.

5. Scheme Employers Pension Contributions

- 5.1 Pension contributions received from employers are checked for accuracy against known parameters and the dates received are recorded and monitored.
- 5.2 Contact is made with an employer in instances where payments are received late or not to the expected value. The Fund has the discretion to impose late payment charges. Invoices are issued for any outstanding payments.
- 5.3 Contributions from scheme employers are up to date and there has been no delay in payments as a result of COVID-19.

6. Employers Leaving the Fund

- 6.1 Since the last report the administration of Visit Scotland was transferred to Lothian Pension Fund.
- 6.2 Discussions on the arrangements for the closing of the Admission agreement between the Fund and WIPRO are nearing conclusion. The Fund in conjunction with the Fund Actuaries is in extensive negotiations with WIPRO to manage the final stage of that exercise.

7 Employers joining the Fund

- 7.1 No employers have joined the Fund since the last report but an application to join has been received and will be reported to this committee separately.

8 Pension Fund Costs

- 8.1 The Pension Fund Annual report for 2020/21 included a report on financial performance against budget. This is to comply with the CIPFA guidance, "Preparing the annual report guidance for Local Government Pension Scheme Funds" (April 2019).
- 8.2 The year-to-date pension costs from 1 April to 31 August 2021, are presented in the table on the next page against the budget for 2021/22.
- 8.3 Pension administration and Central Support (Pensions Investment) year-end estimates are forecast to be under budget due to the staff changes approved at March 2021 Pensions Committee not yet being implemented.

	Actual year to date	Annual budget	Year-end estimate	Year-end variance
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	£000	£000	£000	£000
<u>Administrative expenses</u>				
Medical exams (staff)	2	5	5	0
Conference & seminar expenses (includes subsistence)	0	1	1	0
Subscriptions to organisations	0	5	5	0
ICT charges	0	1	1	0
Bank charges	0	2	2	0
Other charges (pension levy, tax certification costs, debt collection)	0	3	3	0
<u>Pensions administration costs</u>				
Pensions administration staff	272	774	687	(87)
GMP	67	100	100	0
Computer and ICT	196	261	261	0
Fares, travel, accommodation	0	1	1	0
Printing and stationery	0	4	4	0
Postages	0	11	11	0
Other pensions admin costs (phone, insurance, subscriptions)	0	8	8	0
Total	537	1,176	1,089	(87)
<u>Oversight and governance</u>				
Actuarial Fees	29	100	100	0
Audit Fees	0	30	30	0
Central Support - Pensions Investment	0	230	200	(30)
Training	0	5	5	0
Subsistence and travel	0	0	0	0
Investment Consultant Fees	15	100	100	0
Performance Management Fees	6	23	23	0
Legal Expenses	13	5	5	0
Total	63	493	463	(30)
<u>Management fees</u>				
Investment expenses	38	335	335	0
Custodian Fees	26	85	85	0
Transaction costs	0	330	330	0
<u>Fund Manager fees</u>				
Unitised insurance policies	0	200	200	0
Equities	1,017	3,500	3,500	0
Bonds	0	300	300	0
Property	106	400	400	0
Private equity	0	3,500	3,500	0
Property debt	0	300	300	0
Total	1,187	8,950	8,950	0
Overall total	1,787	10,619	10,502	(117)

- 9.1 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.
- 9.2 The reconciliation exercise for the Highland Council Pension Fund is now nearing completion with amendments to Pension records and payments anticipated in November/December 2021
- 9.3 In line with national guidance the Fund proposes to increase payments where an underpayment has occurred and to freeze payments at the current rate where an overpayment has occurred.

10 Shared Cost Additional Voluntary Contribution Scheme (Salary sacrifice)

- 10.1 The new Shared Cost AVC scheme was launched by Highland Council for its employees in July 2021. The scheme has been well received with 166 existing members switching to the scheme and 75 new applications.

11. Performance Indicators

- 11.1 Performance Indicators for the 2020/21 Financial Year are reported in the Pension Fund Accounts and can be accessed via the following link.

https://www.highland.gov.uk/downloads/download/714/pension_fund_accounts

12 Annual Benefit Statements and Newsletter

- 12.1 At the end of August, Annual benefits statement were published online with a link being circulated to all scheme members. Alongside this correspondence was a Newsletter updating members of any changes in Pension legislation.

Designation: Head of Corporate Finance and Commercialism

Date: 8 September 2021

Author: Charlie MacCallum

Background Papers: