

Agenda Item	5
Report No	PC/10/22

HIGHLAND COUNCIL

Committee: Pensions Committee

Date: 30 September 2022

Report Title: Pension Fund Contributions and Administration

Report By: Head of Corporate Finance

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, 26 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.
- 5.3 Contributions from scheme employers are all being received on time and all contributions are up to date.

6 Employers Leaving the Fund

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

The Fund continues to work with WIPRO to manage the cessation of the admission agreement as part of the transfer of service back to the Council.

7 Employers joining the Fund

- 7.1 No employers have joined the Fund since the last report.
- 7.2 Highlands and Islands Enterprise are to merge membership across other LGPS funds into the Highland Council Pension Fund. The consolidation transfer project is on track which a scheduled transfer date planned of 31 October 2022. This move is fully guaranteed by the Scottish Government and will not create a risk to the Fund.
- 7.3 Discussions are ongoing with West Highland College regarding entry to the scheme and arranging a suitable guarantee.

8 Pension Fund Costs

- 8.1 The Pension Fund Annual report for 2021/22 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 2022 to 31 August 2022, are presented in the table on the next page against the budget for 2022/23. As at the end of August 2022, forecast year-end expenditure is anticipated to be in line with the budget and the position is shown in the following table

	Actual year to date 22/23 £000	Annual budget 22/23 £000	Year-end estimate 22/23 £000	Year-end variance 22/23 £000
<u>Administrative expenses</u>				
Medical exams (staff)	0	5	5	0
Conference & seminar expenses (includes subsistence)	0	1	1	0
Subscriptions to organisations	1	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	293	801	801	0
GMP	1	50	50	0
Computer and ICT	223	300	300	0
Fares, travel, accommodation	0	1	1	0
Printing and stationery	0	2	2	0
Postages	1	8	8	0
Other pensions admin costs (phone, insurance, subscriptions)	1	8	8	0
Total	520	1,187	1,187	0
<u>Oversight and governance</u>				
Actuarial Fees	39	100	100	0
Audit Fees	0	33	33	0
Central Support - Pensions Investment	0	230	230	0
Training	0	5	5	0
Subsistence and travel	0	0	0	0
Investment Consultant Fees	29	75	75	0
Performance Management Fees	8	30	30	0
Legal Expenses	12	10	10	0
Total	88	483	483	0
<u>Management fees</u>				
Investment expenses	134	350	350	0
Custodian Fees	23	100	100	0
Transaction costs	0	350	350	0
<u>Fund Manager fees</u>				
Unitised insurance policies	0	200	200	0
Equities	924	4,800	4,800	0
Bonds	44	300	300	0
Property	139	500	500	0
Private equity	0	3,700	3,700	0
Property debt	0	300	300	0
Total	1,264	10,600	10,600	0
Overall total	1,872	12,270	12,270	0

- 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 complete and has identified the following corrective action: any negatively affected pensioners have received arrears payments with interest; and any incomplete GMP details for active and deferred members will be uploaded, in the near future.

10 Additional Voluntary Contribution (AVC'S)

- 10.1 Prudential has been the appointed Additional Voluntary Contribution (AVC) provider to the Highland Council Pension Fund since 1989.
- 10.2 To maximise the range of benefits offered to employees, Highland Council has entered into an agreement with AVC wise (a company specialised in this discipline) to provide a Shared Cost AVC scheme to qualifying scheme members.
- 10.3 The Council has however become aware that there have been some administration issues with the new scheme and is working with Prudential to have these resolved. There is no financial impact to participants.

Designation: Head of Corporate Finance

Date: 8 September 2022

Author: Edward Foster

Background Papers: