

THE HIGHLAND COUNCIL

AUDIT AND SCRUTINY COMMITTEE

Agenda Item	
Report No	

20 August 2009

The Highland Council Pension Fund - Monitoring of Retirements

Report by Depute Chief Executive & Director of Finance

SUMMARY

This Report provides information relating to retirements from The Highland Council Pension Fund for the year ended 31 March 2009.

1. Background

1.1 In December 1997 the Accounts Commission for Scotland published "*Bye now pay later*", a report on Councils' management of early retirement from the Local Government Pension Scheme.

As a result of this report the Finance Committee agreed on 26 August 1998 that the following information should be monitored and presented annually:

- Number and types of retirements
- The total liability to the pension fund and revenue account in respect of these
- Comparison of the actual incidence of ill-health retirement against the numbers assumed at the last valuation of the fund
- Breakdown of these details between services and all bodies participating in The Highland Council Pension Fund.

In June 2003 Audit Scotland published a further report "*Bye now, pay later: a follow up review of the management of early retirement*".

This report recommended that details of expected savings on early retirements be included in the annual reports, and indicated that these reports should be presented to the local authority's Audit Committee, or equivalent.

2. Analysis of Early Retirements

2.1 The Appendix to this report provides details of the following:

- Summary of retirements
- Highland Council retirements

- Non Highland Council retirements
- Comparisons with previous years

2.2 Table 4 reflects the changes over the years since 1996/1997.

The total number of retirements for the whole fund increased between 2007/08 and 2008/09 by 18 (from 222 to 240). There was actually a drop in redundancy and efficiency retirements (from 45 to 30), a marginal increase in ill health retirements (from 42 to 48) but the main increase is due to an increase in normal retirements (from 135 to 162).

RECOMMENDATION

Members are asked to note the report.

Signature:

Designation: Depute Chief Executive & Director of Finance

Date: 3rd August 2009

Background Papers Appendix (Tables 1 to 4)

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Retirements for Period 1 April 2008 to 31 March 2009

Table 1

Table 1 - Summary of Retirements

Employer	Type of retirement	Number	Capitalised cost to revenue account £	Capitalised cost to pension fund £	Total Capitalised Cost £	Saving £	Net Cost £
THE HIGHLAND COUNCIL	Normal	126	0.00	0.00	0.00	0.00	0.00
	Ill-health	35	0.00	844,828.38	844,828.38	0.00	844,828.38
	Redundancy	5	207,491.89	128,215.98	335,707.87	405,913.00	-70,205.13
	Efficiency	0	0.00	0.00	0.00	0.00	0.00
TOTAL	ALL TYPES	166	207,491.89	973,044.36	1,180,536.25	405,913.00	774,623.25
OTHER EMPLOYERS	Normal	36	0.00	0.00			
	Ill-health	13	0.00	336,781.93			
	Redundancy	24	1,180,429.54	497,952.51			
	Efficiency	1	17,928.77	14,810.23			
TOTAL	ALL TYPES	74	1,198,358.31	849,544.67			
TOTALS FOR ALL EMPLOYERS	Normal	162	0.00	0.00			
	Ill-health	48	0.00	1,181,610.31			
	Redundancy	29	1,387,921.43	626,168.49			
	Efficiency	1	17,928.77	14,810.23			
GRAND TOTALS	ALL TYPES	240	1,405,850.20	1,822,589.03			

Notes:

- 1) Only retirements in respect of members of the Local Government Pension Scheme are included.
- 2) The capitalised costs have been calculated using a nationally agreed actuarial method. These are the capitalised values of the costs resultant from the early retirements based on the period to the scheme members eligible retirement date.
- 3) The total capitalised cost is the total of the costs to the revenue account and the pension fund.
- 4) For redundancy and efficiency retirements, although there is a capitalised cost to the pension fund quoted, this cost is recharged to the revenue account of the employer/employing service by lump sum or in instalments.

Table 2 - Details of HC Retirements:

Service	Type of retirement	Number	Capitalised cost to revenue account £	Capitalised cost to pension fund £	Total Capitalised Cost £	Saving £	Net Cost £
EC&S	Normal	50	0.00	0.00	0.00	0.00	0.00
	Ill-health	10	0.00	242,938.36	242,938.36	0.00	242,938.36
	Redundancy	3	89,690.31	44,378.43	134,068.74	136,969.00	-2,900.26
	Efficiency	0	0.00	0.00	0.00	0.00	0.00
TEC	Normal	13	0.00	0.00	0.00	0.00	0.00
	Ill-health	13	0.00	278,125.80	278,125.80	0.00	278,125.80
	Redundancy	0	0.00	0.00	0.00	0.00	0.00
	Efficiency	0	0.00	0.00	0.00	0.00	0.00
Finance	Normal	9	0.00	0.00	0.00	0.00	0.00
	Ill-health	0	0.00	0.00	0.00	0.00	0.00
	Redundancy	0	0.00	0.00	0.00	0.00	0.00
	Efficiency	0	0.00	0.00	0.00	0.00	0.00
Chief Execs Office	Normal	3	0.00	0.00	0.00	0.00	0.00
	Ill-health	1	0.00	33,734.62	33,734.62	0.00	33,734.62
	Redundancy	0	0.00	0.00	0.00	0.00	0.00
	Efficiency	0	0.00	0.00	0.00	0.00	0.00
Housing & Property	Normal	15	0.00	0.00	0.00	0.00	0.00
	Ill-health	0	0.00	0.00	0.00	0.00	0.00
	Redundancy	1	102,148.36	79,206.75	181,355.11	239,641.00	-58,285.89
	Efficiency	0	0.00	0.00	0.00	0.00	0.00
Planning & Development	Normal	2	0.00	0.00	0.00	0.00	0.00
	Ill-health	0	0.00	0.00	0.00	0.00	0.00
	Redundancy	0	0.00	0.00	0.00	0.00	0.00
	Efficiency	0	0.00	0.00	0.00	0.00	0.00
Social Work Service	Normal	34	0.00	0.00	0.00	0.00	0.00
	Ill-health	11	0.00	290,029.60	290,029.60	0.00	290,029.60
	Redundancy	1	15,653.22	4,630.80	20,284.02	29,303.00	-9,018.98
	Efficiency	0	0.00	0.00	0.00	0.00	0.00
TOTALS	Normal	126	0.00	0.00	0.00	0.00	0.00
FOR ALL	Ill-health	35	0.00	844,828.38	844,828.38	0.00	844,828.38
SERVICES	Redundancy	5	207,491.89	128,215.98	335,707.87	405,913.00	-70,205.13
	Efficiency	0	0.00	0.00	0.00	0.00	0.00
TOTAL	ALL TYPES	166	207,491.89	973,044.36	1,180,536.25	405,913.00	774,623.25

Table 3 - Details of Other Employers' Retirements:

Employer	Type of retirement	Number	Capitalised cost	Capitalised cost
			to revenue budget £	to the pension fund £
Comhairle nan Eilean Siar	Normal	20	0.00	0.00
	Ill-health	12	0.00	292,571.44
	Redundancy	6	181,928.38	90,401.05
	Efficiency	1	17,928.77	14,810.23
Northern Joint Police Board	Normal	5	0.00	0.00
	Ill-health	1	0.00	44,210.49
	Redundancy	15	633,321.27	278,330.64
	Efficiency	0	0.00	0.00
Joint Valuation Board	Normal	2	0.00	0.00
	Ill-health	0	0.00	0.00
	Redundancy	0	0.00	0.00
	Efficiency	0	0.00	0.00
Highland & Islands Fire Board	Normal	2	0.00	0.00
	Ill-health	0	0.00	0.00
	Redundancy	0	0.00	0.00
	Efficiency	0	0.00	0.00
Inverness College	Normal	2	0.00	0.00
	Ill-health	0	0.00	0.00
	Redundancy	0	0.00	0.00
	Efficiency	0	0.00	0.00
NORTH HIGHLAND COLLEGE	Normal	3	0.00	0.00
	Ill-health	0	0.00	0.00
	Redundancy	0	0.00	0.00
	Efficiency	0	0.00	0.00
SKILLS DEVELOPMENT SCOTLAND (FORMERLY CAREERS SCOTLAND)	Normal	1	0.00	0.00
	Ill-health	0	0.00	0.00
	Redundancy	0	0.00	0.00
	Efficiency	0	0.00	0.00
HOST	Normal	0	0.00	0.00
	Ill-health	0	0.00	0.00
	Redundancy	1	156,451.11	0.00
	Efficiency	0	0.00	0.00
INVERNESS LEISURE	Normal	1	0.00	0.00
	Ill-health	0	0.00	0.00
	Redundancy	0	0.00	0.00
	Efficiency	0	0.00	0.00
WESTERN ISLES TOURIST BOARD	Normal	0	0.00	0.00
	Ill-health	0	0.00	0.00
	Redundancy	1	142,621.18	77,302.21
	Efficiency	0	0.00	0.00
SCOTTISH POLICE SERVICES AUTHORITY (SPSA)	Normal	0	0.00	0.00
	Ill-health	0	0.00	0.00
	Redundancy	1	66,107.60	51,918.61
	Efficiency	0	0.00	0.00
TOTALS FOR OTHER EMPLOYERS	Normal	36	0.00	0.00
	Ill-health	13	0.00	336,781.93
	Redundancy	24	1,180,429.54	497,952.51
	Efficiency	1	17,928.77	14,810.23
TOTAL	ALL TYPES	74	1,198,358.31	849,544.67

Notes:

1) All costs on the pension fund as a result of redundancy or efficiency are recharged to the employer either as a lump sum or in annual instalments

2) There have been no retirements from the following employers:

Stornoway Port Authority	Inverness Harbour Trust
Torvean Golf Club	Stoneyhill Waste Management Ltd
Cromarty Firth Port Authority	HIE (former Local Enterprise Companies)
Hebridean Housing Partnership	Mitie PFI Ltd
Bord Na Gaidhlig	Highland Blindcraft
UHI Millenium Institute	Sight Action (formerly Visual Impairment Services Highland)
Lews Castle College	Eden Court Theatre
Highland Opportunity	Highlands & Islands (Scotland) Structural Funds Partnership
Richard Irvin	Morrison FM
Vacman Limited	HITRANS

Table 4 - Comparison With Previous Years

Employer	Type of retirement	2008/09 No	% of Retirals	2007/08 No	% of Retirals	2006/07 No	% of Retirals	2005/06 No	% of Retirals	2004/05 No	% of Retirals	2003/04 No	% of Retirals	2002/03 No	% of Retirals
THE HIGHLAND COUNCIL	Normal	126	75.90%	112	63.64%	93	69.93%	84	65.12%	84	65.12%	74	64.91%	75	60.98%
	Ill-health	35	21.09%	27	15.34%	33	24.81%	36	27.90%	42	32.56%	27	23.68%	27	21.95%
	Redundancy	5	3.01%	34	19.32%	5	3.76%	8	6.20%	3	2.32%	13	11.41%	20	16.26%
	Efficiency	0	0.00%	3	1.70%	2	1.50%	1	0.78%	0	0.00%	0	0.00%	1	0.81%
TOTAL	ALL TYPES	166	100%	176	100%	133	100%	129	100%	129	100%	114	100%	123	100%
OTHER EMPLOYERS	Normal	36	48.65%	23	50.00%	16	48.49%	17	30.91%	22	66.67%	21	53.85%	21	52.50%
	Ill-health	13	17.57%	15	32.61%	14	42.42%	14	25.45%	9	27.27%	13	33.33%	15	37.50%
	Redundancy	24	32.43%	7	15.22%	2	6.06%	22	40.00%	0	0.00%	3	7.70%	4	10.00%
	Efficiency	1	1.35%	1	2.17%	1	3.03%	2	3.64%	2	6.06%	2	5.12%	0	0.00%
TOTAL	ALL TYPES	74	100%	46	100%	33	100%	55	100%	33	100%	39	100%	40	100%
TOTALS FOR ALL EMPLOYERS	Normal	162	67.50%	135	60.81%	109	65.66%	101	54.89%	106	65.43%	95	62.09%	96	58.90%
	Ill-health	48	20.00%	42	18.92%	47	28.31%	50	27.17%	51	31.48%	40	26.14%	42	25.77%
	Redundancy	29	12.08%	41	18.47%	7	4.22%	30	16.30%	3	1.86%	16	10.46%	24	14.72%
	Efficiency	1	0.42%	4	1.80%	3	1.81%	3	1.64%	2	1.23%	2	1.31%	1	0.61%
GRAND TOTALS	ALL TYPES	240	100%	222	100%	166	100%	184	100%	162	100%	153	100%	163	100%

Employer	Type of retirement	2001/02 No	% of Retirals	2000/01 No	% of Retirals	1999/00 No	% of Retirals	1998/99 No	% of Retirals	1997/98 No	% of Retirals	1996/97 No	% of Retirals
THE HIGHLAND COUNCIL	Normal	85	42.29%	83	61.48%	46	36.80%	67	50.76%	60	37.27%	54	33.96%
	Ill-health	60	29.85%	48	35.56%	61	48.80%	46	34.85%	56	34.78%	48	30.19%
	Redundancy	55	27.36%	3	2.22%	16	12.80%	17	12.88%	40	24.84%	52	32.70%
	Efficiency	1	1.00%	1	1.00%	2	1.00%	2	1.00%	5	3.11%	5	3.14%
TOTAL	ALL TYPES	201	100%	135	100%	125	100%	132	100%	161	100%	159	100%
OTHER EMPLOYERS	Normal	12	29.27%	19	46.34%	15	44.12%	9	23.08%	18	37.50%	17	26.56%
	Ill-health	14	34.15%	15	36.59%	14	41.18%	17	43.59%	13	27.08%	12	18.75%
	Redundancy	14	34.15%	6	14.63%	3	8.82%	12	30.77%	14	29.17%	29	45.31%
	Efficiency	1	2.44%	1	2.44%	2	5.88%	1	2.56%	3	6.25%	6	9.38%
TOTAL	ALL TYPES	41	100%	41	100%	34	100%	39	100%	48	100%	64	100%
TOTALS FOR ALL EMPLOYERS	Normal	97	40.08%	102	57.95%	61	38.36%	76	44.44%	78	37.32%	71	31.84%
	Ill-health	74	30.58%	63	35.80%	75	47.17%	63	36.84%	69	33.01%	60	26.91%
	Redundancy	69	28.51%	9	5.11%	19	11.95%	29	16.96%	54	25.84%	81	36.32%
	Efficiency	2	0.83%	2	1.14%	4	2.52%	3	1.75%	8	3.83%	11	4.93%
GRAND TOTALS	ALL TYPES	242	100%	176	100%	159	100%	171	100%	209	100%	223	100%