

Agenda Item	7
Report No	PC/12/18

HIGHLAND COUNCIL

Committee: Pensions Committee

Date: 9 August 2018

Report Title: **The Highland Council Pension Fund – Monitoring of Retirements**

Report By: Head of Corporate Finance and Commercialism.

1. Purpose/Executive Summary

- 1.1 This report provides information relating to retirements from The Highland Council Pension Fund for the year ended 31 March 2018.

2. Recommendations

- 2.1 Members are asked to:
- i. Consider the report

3. Background

- 3.1 Following recommendations from reports issued by the Accounts Commission and Audit Scotland 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
 - Breakdown of these details between services and all bodies participating in The Highland Council Pension Fund.
- 3.2 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.

4. Analysis of Retirements

- 4.1 The Appendix to this report provides details of the following:
- Summary of retirements
 - Highland Council retirements
 - Non Highland Council retirements
 - Comparisons with previous years

The total number of retirements for the whole fund decreased between 2016/17 & 2017/18 by 184 (from 463 to 279). The most marked decrease was in redundancy retirements, reducing by 191 from 203 in 2016/17 to 12 in 2017/18.

5. Implications

- 5.1 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. Payroll and Pension Manager

Background Papers:

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	110	0.00	0.00	0.00	0.00	0.00
	Ill-health	20	0.00	1,629,478.39	1,629,478.39	0.00	1,629,478.39
	Flexible	17	0.00	67,349.46	67,349.46	0.00	67,349.46
	Employers Consent	2	38,183.60	23,929.61	62,113.21	341,999.62	-279,886.41
	Redundancy	4	130,500.36	105,570.34	236,070.70	1,151,580.95	-915,510.25
	Efficiency	0	0.00	0.00	0.00	0.00	0.00
TOTAL	ALL TYPES	153	168,683.96	1,826,327.80	1,995,011.76	1,493,580.57	501,431.19
OTHER EMPLOYERS	Normal	85	0.00	0.00	0.00	0.00	0.00
	Ill-health	17	0.00	1,085,088.97	1,085,088.97	0.00	1,085,088.97
	Flexible	13	0.00	3,139.68	3,139.68	0.00	3,139.68
	Employers Consent	2	0.00	0.00	0.00	0.00	0.00
	Redundancy	8	121,404.83	123,673.14	245,077.97	1,516,505.00	-1,271,427.03
	Efficiency	1	0.00	11,576.05	11,576.05	0.00	11,576.05
TOTAL	ALL TYPES	126	121,404.83	1,223,477.84	1,344,882.67	1,516,505.00	-171,622.33
TOTALS FOR ALL EMPLOYERS	Normal	195	0.00	0.00	0.00	0.00	0.00
	Ill-health	37	0.00	2,714,567.36	2,714,567.36	0.00	2,714,567.36
	Flexible	30	0.00	70,489.14	70,489.14	0.00	70,489.14
	Employers Consent	4	38,183.60	23,929.61	62,113.21	341,999.62	-279,886.41
	Redundancy	12	251,905.19	229,243.48	481,148.67	2,668,085.95	-2,186,937.28
	Efficiency	1	0.00	11,576.05	11,576.05	0.00	11,576.05
GRAND TOTALS	ALL TYPES	279	290,088.79	3,049,805.64	3,339,894.43	3,010,085.57	329,808.86

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, efficiency & flexible retirements, although there may be 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 £
Development & Infrastructure	Normal	14	0.00	0.00	0.00	0.00	0.00
	Ill-health	6	0.00	971,553.59	971,553.59	0.00	971,553.59
	Flexible	4	0.00	22,165.39	22,165.39	0.00	22,165.39
	Employer Consent	0	0.00	0.00	0.00	0.00	0.00
	Redundancy	1	63,772.80	35,355.51	99,128.31	325,815.24	-226,686.93
	Efficiency	0	0.00	0.00	0.00	0.00	0.00
Community Services	Normal	18	0.00	0.00	0.00	0.00	0.00
	Ill-health	7	0.00	315,308.91	315,308.91	0.00	315,308.91
	Flexible	3	0.00	45,184.07	45,184.07	0.00	45,184.07
	Employer Consent	1	20,238.40	0.00	20,238.40	0.00	20,238.40
	Redundancy	1	18,898.56	18,244.90	37,143.46	295,708.36	-258,564.90
	Efficiency	0	0.00	0.00	0.00	0.00	0.00
Care & Learning	Normal	57	0.00	0.00	0.00	0.00	0.00
	Ill-health	7	0.00	342,615.89	342,615.89	0.00	342,615.89
	Flexible	10	0.00	0.00	0.00	0.00	0.00
	Employer Consent	0	0.00	0.00	0.00	0.00	0.00
	Redundancy	1	12,419.40	0.00	12,419.40	0.00	12,419.40
	Efficiency	0	0.00	0.00	0.00	0.00	0.00
Corporate Resources	Normal	21	0.00	0.00	0.00	0.00	0.00
	Ill-health	0	0.00	0.00	0.00	0.00	0.00
	Flexible	0	0.00	0.00	0.00	0.00	0.00
	Employer Consent	1	17,945.20	23,929.61	41,874.81	341,999.62	-300,124.81
	Redundancy	1	35,409.60	51,969.93	87,379.53	530,057.35	-442,677.82
	Efficiency	0	0.00	0.00	0.00	0.00	0.00
TOTALS FOR ALL SERVICES	Normal	110	0.00	0.00	0.00	0.00	0.00
	Ill-health	20	0.00	1629478.39	1629478.39	0.00	1629478.39
	Flexible	17	0.00	67349.46	67349.46	0.00	67349.46
	Employer Consent	2	38183.60	23929.61	62113.21	341999.62	-279886.41
	Redundancy	4	130500.36	105570.34	236070.70	1151580.95	-915510.25
	Efficiency	0	0.00	0.00	0.00	0.00	0.00
TOTAL	ALL TYPES	153	168,683.96	1,826,327.80	1,995,011.76	1,493,580.57	501,431.19

Table 3 – Details of Other Employers' Retirements:

Employer	Type of retirement	Number	Capitalised cost to employer revenue budget £	Capitalised cost to the pension fund £	Total Capitalised Cost £	Saving £	Net Cost £
Comhairle nan Eilean Siar	Normal	28	0.00	0.00	0.00	0.00	0.00
	Ill-health	5	0.00	513,030.15	513,030.15	0.00	513,030.15
	Flexible	4	0.00	0.00	0.00	0.00	0.00
	Employers Consent	0	0.00	0.00	0.00	0.00	0.00
	Redundancy	4	86,430.11	110,130.60	196,560.71	1,140,477.89	-943,917.18
	Efficiency	1	0.00	11,576.05	11,576.05	0.00	11,576.05
Joint Valuation Board	Normal	0	0.00	0.00	0.00	0.00	0.00
	Ill-health	0	0.00	0.00	0.00	0.00	0.00
	Flexible	2	0.00	0.00	0.00	0.00	0.00
	Employers Consent	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
Inverness College	Normal	3	0.00	0.00	0.00	0.00	0.00
	Ill-health	1	0.00	126,679.97	126,679.97	0.00	126,679.97
	Flexible	0	0.00	0.00	0.00	0.00	0.00
	Employers Consent	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
North Highland College	Normal	1	0.00	0.00	0.00	0.00	0.00
	Ill-health	0	0.00	0.00	0.00	0.00	0.00
	Flexible	0	0.00	0.00	0.00	0.00	0.00
	Employers Consent	0	0.00	0.00	0.00	0.00	0.00
	Redundancy	1	2,934.00	3,286.88	6,220.88	63,302.81	-57,081.93
	Efficiency	0	0.00	0.00	0.00	0.00	0.00
HOST	Normal	1	0.00	0.00	0.00	0.00	0.00
	Ill-health	0	0.00	0.00	0.00	0.00	0.00
	Flexible	0	0.00	0.00	0.00	0.00	0.00
	Employers Consent	1	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
Bord Na Gaidhlig	Normal	0	0.00	0.00	0.00	0.00	0.00
	Ill-health	0	0.00	0.00	0.00	0.00	0.00
	Flexible	0	0.00	0.00	0.00	0.00	0.00
	Employers Consent	1	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
Sight Action	Normal	1	0.00	0.00	0.00	0.00	0.00
	Ill-health	0	0.00	0.00	0.00	0.00	0.00
	Flexible	0	0.00	0.00	0.00	0.00	0.00
	Employers Consent	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
Highland Blindcraft	Normal	0	0.00	0.00	0.00	0.00	0.00
	Ill-health	1	0.00	32,909.97	32,909.97	0.00	32,909.97
	Flexible	0	0.00	0.00	0.00	0.00	0.00
	Employers Consent	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

SPSA	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
	Flexible	0	0.00	0.00	0.00	0.00	0.00
	Employers Consent	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
SDS	Normal	0	0.00	0.00	0.00	0.00	0.00
	Ill-health	0	0.00	0.00	0.00	0.00	0.00
	Flexible	2	0.00	3,139.68	3,139.68	0.00	3,139.68
	Employers Consent	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
Highlife Highland	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
	Flexible	1	0.00	0.00	0.00	0.00	0.00
	Employers Consent	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
Forth & Oban	Normal	1	0.00	0.00	0.00	0.00	0.00
	Ill-health	0	0.00	0.00	0.00	0.00	0.00
	Flexible	0	0.00	0.00	0.00	0.00	0.00
	Employers Consent	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
NHS Highland	Normal	36	0.00	0.00	0.00	0.00	0.00
	Ill-health	10	0.00	412,468.88	412,468.88	0.00	412,468.88
	Flexible	3	0.00	0.00	0.00	0.00	0.00
	Employers Consent	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
Scottish Police Authority (former Northern Joint Police Board)	Normal	1	0.00	0.00	0.00	0.00	0.00
	Ill-health	0	0.00	0.00	0.00	0.00	0.00
	Flexible	1	0.00	0.00	0.00	0.00	0.00
	Employers Consent	0	0.00	0.00	0.00	0.00	0.00
	Redundancy	3	32,040.72	10,255.66	42,296.38	312,724.30	-270,427.92
	Efficiency	0	0.00	0.00	0.00	0.00	0.00
Scottish Fire & Rescue Service (former Highland & Islands Fire	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
	Flexible	0	0.00	0.00	0.00	0.00	0.00
	Employers Consent	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
TOTALS FOR OTHER EMPLOYERS	Normal	85	0.00	0.00	0.00	0.00	0.00
	Ill-health	17	0.00	1,085,088.97	1,085,088.97	0.00	1,085,088.97
	Flexible	13	0.00	3,139.68	3,139.68	0.00	3,139.68
	Employers Consent	2	0.00	0.00	0.00	0.00	0.00
	Redundancy	8	121,404.83	123,673.14	245,077.97	1,516,505.00	-1,271,427.03
	Efficiency	1	0.00	11,576.05	11,576.05	0.00	11,576.05
TOTAL	ALL TYPES	126	121,404.83	1,223,477.84	1,344,882.67	1,516,505.00	-171,622.33

Table 4 - Comparison With Previous Years:

Employer	Type of retirement	2017/18 No	% of Retirals	2016/17 No	% of Retirals	2015/16 No	% of Retirals	2014/15 No	% of Retirals	2013/14 No	% of Retirals	2012/13 No	% of Retirals	2011/12 No	% of Retirals	2010/11 No	% of Retirals	2009/10 No	% of Retirals
THE	Normal	110	71.90%	91	29.55%	100	35.10%	110	65.87%	99	69.23%	102	61.08%	170	61.60%	142	70.65%	120	69.77%
HIGHLAND	Ill-health	20	13.07%	12	3.90%	17	5.96%	14	8.38%	8	5.59%	15	8.98%	32	11.59%	34	16.91%	30	17.44%
COUNCIL	Flexible	17	11.11%	14	4.54%	50	17.54%	33	19.76%	30	20.98%	24	14.37%	13	4.71%	6	2.98%	0	0.00%
	E'er Consent	2	1.31%	11	3.57%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	Redundancy	4	2.61%	180	58.44%	117	41.05%	9	5.39%	5	3.50%	25	14.97%	61	22.10%	18	8.96%	20	11.63%
	Efficiency	0	0.00%	0	0.00%	1	0.35%	1	0.60%	1	0.70%	1	0.60%	0	0.00%	1	0.50%	2	1.16%
TOTAL	ALL TYPES	153	100%	308	100%	285	100%	167	100%	143	100%	167	100%	276	100%	201	100%	172	100%
OTHER	Normal	85	67.46%	100	64.51%	69	58.97%	98	68.06%	70	61.40%	54	49.54%	48	35.82%	36	27.27%	48	57.14%
EMPLOYERS	Ill-health	17	13.49%	14	9.03%	11	9.40%	11	7.64%	15	13.16%	9	8.26%	8	5.97%	8	6.06%	2	2.38%
	Flexible	13	10.32%	15	9.68%	23	19.66%	16	11.11%	12	10.53%	12	11.01%	3	2.24%	1	0.76%	0	0.00%
	E'er Consent	2	1.59%	2	1.29%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	Redundancy	8	6.35%	23	14.84%	14	11.97%	17	11.80%	15	13.16%	34	31.19%	73	54.48%	85	64.39%	33	39.29%
	Efficiency	1	0.79%	1	0.65%	0	0.00%	2	1.39%	2	1.75%	0	0.00%	2	1.49%	2	1.52%	1	1.19%
TOTAL	ALL TYPES	126	100%	155	100%	117	100%	144	100%	114	100%	109	100%	134	100%	132	100%	84	100%
TOTALS FOR	Normal	195	69.89%	191	41.25%	169	42.04%	208	66.88%	169	65.76%	156	56.52%	218	53.17%	178	53.46%	168	65.63%
ALL	Ill-health	37	13.26%	26	5.62%	28	6.96%	25	8.04%	23	8.95%	24	8.70%	40	9.76%	42	12.61%	32	12.50%
EMPLOYERS	Flexible	30	10.75%	29	6.26%	73	18.16%	49	15.76%	42	16.34%	36	13.04%	16	3.90%	7	2.10%	0	0.00%
	E'er Consent	4	1.44%	13	2.81%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	Redundancy	12	4.30%	203	43.84%	131	32.59%	26	8.36%	20	7.78%	59	21.38%	134	32.68%	103	30.93%	53	20.70%
	Efficiency	1	0.36%	1	0.22%	1	0.25%	3	0.96%	3	1.17%	1	0.36%	2	0.49%	3	0.90%	3	1.17%
GRAND TOTALS	ALL TYPES	279	100%	463	100%	402	100%	311	100%	257	100%	276	100%	410	100%	333	100%	256	100%