

Agenda Item	<b>6</b>
Report No	<b>PC/12/24</b>

## THE HIGHLAND COUNCIL

**Committee:** Pensions Committee

**Date:** 9 October 2024

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

**Report By:** Chief Officer, Corporate Finance

### 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 2024.

### 2. Recommendations

- 2.1 Members are asked to:

- i. Consider the details of the retirements as outlined in the appendices to this report.

### 3. Implications

- 3.1 There are resource implications as the level of retirements could potentially impact fund liabilities. If there are early retirements due to redundancy early retirement factors are used to calculate the additional cost for allowing members to retire before their normal pension age (NPA) and where their benefits are paid unreduced, which will be recharged to the employers (e.g. redundancy exercise calculations). The early retirement reduction factors are reviewed alongside the triennial actuarial valuation, and these have been included in Agenda Item 7 Pension Fund Contributions and Administration (section 7) for information.
- 3.2 In terms of legal implications, the governance of the Fund must comply with all Local Government Pension Scheme (LGPS) legislation and regulations and TPR

requirements, or the Fund could be non-compliant and in breach of Regulator requirements.

- 3.3 The risk management framework is an integral part of governance and risks are considered as part of all the areas covered in this report. There is a Pension Fund risk register which is regularly updated (update is provided at Agenda item 9, risk management update).
- 3.4 There are no Health and Safety (risks arising from changes to plant, equipment, or people) or Gaelic implications arising as a direct result of this report.

#### **4. Impacts**

- 4.1 In Highland, all policies, strategies or service changes are subject to an integrated screening for impact for Equalities, Poverty and Human Rights, Children's Rights and Wellbeing, Climate Change, Islands and Mainland Rural Communities, and Data Protection. Where identified as required, a full impact assessment will be undertaken.
- 4.2 Considering impacts is a core part of the decision-making process and needs to inform the decision-making process. When taking any decision, Members must give due regard to the findings of any assessment.
- 4.3 This is a monitoring and update report and therefore an impact assessment is not required.

#### **5. Introduction**

- 5.1 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 to the Pensions Committee:
  - Number and types of retirements
  - The total liability to the pension fund and revenue account in respect of these retirements
  - Breakdown of these details between services and all bodies participating in The Highland Council Pension Fund.
- 5.2 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.

## **6. Analysis of Retirements**

6.1 The Appendices to this report provides details of the following:

- Summary of retirements (Appendix 1)
- Highland Council retirements by service cluster (Appendix 2)
- Non-Highland Council retirements (Appendix 3)
- Comparison with previous years (Appendix 4)

6.2 The total number of retirements for the whole fund remained reasonably consistent with the previous year. In summary, movements were as follows:

- There was a small increase in overall retirements 370 to 382. Similar to the 2021/22 experience of 384.
- Voluntary retirements increased from 286 in 2022/23 to 295 in 2023/24, a relatively small increase (3.1%) but the highest number of voluntary retirements recorded in the 10 years presented in Appendix 4.
- Instances of ill health retirement reduced from 47 to 31 (29.8%) – of those 31 cases, 29 (93.5%) were deemed tier 1 where the employee was deemed unlikely to be able to work in any capacity up to normal retirement age.
- Flexible retirements increased by 6, approximately 25% increase compared to the previous year.
- Instances of redundancy/efficiency retirements doubled from 12 to 25 as a number of employers are looking to make salary savings.

Designation: Chief Officer, Corporate Finance

Date: 30 September 2024

Author: Catriona Stachan, Pension Fund Manager  
Annabel Scott, Technical and Communications Officer

Background Papers: Altair reports (pension benefits system)

### Appendix 1 - Summary of Retirements (1 April 2023 to 31 March 2024)

Employer	Type of retirement	Number	Capitalised cost to revenue account £	Capitalised cost to pension fund £	Total Capitalised Cost £	Saving £	Net Cost £
THE HIGHLAND COUNCIL	Voluntary	175	0.00	0.00	0.00	0.00	0.00
	Ill-health	14	0.00	1,092,153.83	1,092,153.83	0.00	1,092,153.83
	Flexible	22	0.00	2,470.79	2,470.79	0.00	2,470.79
	Employer Consent	0	0.00	0.00	0.00	0.00	0.00
	Redundancy	3	10,724.33	14,190.13	24,914.46	168,496.26	-143,581.80
	Efficiency	0	0.00	0.00	0.00	0.00	0.00
<b>TOTAL</b>	<b>ALL TYPES</b>	<b>214</b>	<b>10,724.33</b>	<b>1,108,814.75</b>	<b>1,119,539.08</b>	<b>168,496.26</b>	<b>951,042.82</b>
OTHER EMPLOYERS	Voluntary	120	0.00	0.00	0.00	0.00	0.00
	Ill-health	17	0.00	2,967,576.50	2,967,576.50	0.00	2,967,576.50
	Flexible	9	0.00	0.00	0.00	0.00	0.00
	Employers Consent	0	0.00	0.00	0.00	0.00	0.00
	Redundancy	21	565,519.61	826,859.61	1,392,379.22	4,475,563.34	-3,083,184.12
	Efficiency	1	0.00	35,546.95	35,546.95	0.00	35,546.95
<b>TOTAL</b>	<b>ALL TYPES</b>	<b>168</b>	<b>565,519.61</b>	<b>3,829,983.06</b>	<b>4,395,502.67</b>	<b>4,475,563.34</b>	<b>-80,060.67</b>
TOTALS FOR ALL EMPLOYERS	Voluntary	295	0.00	0.00	0.00	0.00	0.00
	Ill-health	31	0.00	4,059,730.33	4,059,730.33	0.00	4,059,730.33
	Flexible	31	0.00	2,470.79	2,470.79	0.00	2,470.79
	Employers Consent	0	0.00	0.00	0.00	0.00	0.00
	Redundancy	24	576,243.94	841,049.74	1,417,293.68	4,644,059.60	-3,226,765.92
	Efficiency	1	0.00	35,546.95	35,546.95	0.00	35,546.95
<b>GRAND TOTALS</b>	<b>ALL TYPES</b>	<b>382</b>	<b>576,243.94</b>	<b>4,938,797.81</b>	<b>5,515,041.75</b>	<b>4,644,059.60</b>	<b>870,982.15</b>

#### 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.

## Appendix 2 - Details of Highland Council Retirements (1 April 2023 to 31 March 2024)

Service	Type of retirement	Number	Capitalised cost to revenue account £	Capitalised cost to pension fund £	Total Capitalised Cost £	Saving £	Net Cost £
PLACE	Voluntary	79	0.00	0.00	0.00	0.00	0.00
	Ill-health	7	0.00	358,529.05	358,529.05	0.00	358,529.05
	Flexible	9	0.00	2,470.79	2,470.79	0.00	2,470.79
	Employer Consent	0	0.00	0.00	0.00	0.00	0.00
	Redundancy	3	10,724.33	14,190.13	24,914.46	168,496.26	-143,581.80
	Efficiency	0	0.00	0.00	0.00	0.00	0.00
PEOPLE	Voluntary	83	0.00	0.00	0.00	0.00	0.00
	Ill-health	6	0.00	610,074.95	610,074.95	0.00	610,074.95
	Flexible	11	0.00	0.00	0.00	0.00	0.00
	Employer 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
CORPORATE	Voluntary	13	0.00	0.00	0.00	0.00	0.00
	Ill-health	1	0.00	123,549.83	123,549.83	0.00	123,549.83
	Flexible	2	0.00	0.00	0.00	0.00	0.00
	Employer 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 ALL SERVICES	Voluntary	175	0.00	0.00	0.00	0.00	0.00
	Ill-health	14	0.00	1,092,153.83	1,092,153.83	0.00	1,092,153.83
	Flexible	22	0.00	2,470.79	2,470.79	0.00	2,470.79
	Employer Consent	0	0.00	0.00	0.00	0.00	0.00
	Redundancy	3	10,724.33	14,190.13	24,914.46	168,496.26	-143,581.80
	Efficiency	0	0.00	0.00	0.00	0.00	0.00
TOTAL	ALL TYPES	214	10,724.33	1,108,814.75	1,119,539.08	168,496.26	951,042.82

## APPENDIX 3 - Details of Other Employers' Retirements (1 April 2023 to 31 March 2024)

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	Voluntary	56	0.00	0.00	0.00	0.00	0.00
	Ill-health	4	0.00	106,798.64	106,798.64	0.00	106,798.64
	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	2	53,212.35	111,641.58	164,853.93	639,887.25	-475,033.32
	Efficiency	0	0.00	0.00	0.00	0.00	0.00
Joint Valuation Board	Voluntary	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	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
Eden Court	Voluntary	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
Inverness College	Voluntary	5	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
UHI	Voluntary	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	15	495,217.23	642,839.25	1,138,056.48	3,371,104.51	-2,233,048.03
	Efficiency	1	0.00	35,546.95	35,546.95	0.00	35,546.95
Sight Action	Voluntary	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	0	0.00	0.00	0.00	0.00	0.00
	Redundancy	2	0.00	27,162.17	27,162.17	157,352.90	-130,190.73
	Efficiency	0	0.00	0.00	0.00	0.00	0.00
Highland Blindcraft	Voluntary	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
HITRANS	Voluntary	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	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
Hebridean Housing Partnership	Voluntary	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

## APPENDIX 3 - Details of Other Employers' Retirements (1 April 2023 to 31 March 2024)

Employer	Type of retirement	Number	Capitalised cost to employer revenue budget £	Capitalised cost to the pension fund £	Total Capitalised Cost £	Saving £	Net Cost £
<b>HIE</b>	Voluntary	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
<b>Highlife Highland</b>	Voluntary	15	0.00	0.00	0.00	0.00	0.00
	Ill-health	1	0.00	947,431.22	947,431.22	0.00	947,431.22
	Flexible	5	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	11,172.71	22,340.35	33,513.06	282,272.79	-248,759.73
	Efficiency	0	0.00	0.00	0.00	0.00	0.00
<b>Forth &amp; Oban</b>	Voluntary	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
<b>NHS Highland</b>	Voluntary	32	0.00	0.00	0.00	0.00	0.00
	Ill-health	10	0.00	1,244,730.88	1,244,730.88	0.00	1,244,730.88
	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
<b>Scottish Police Authority (former Northern Joint Police Board)</b>	Voluntary	4	0.00	0.00	0.00	0.00	0.00
	Ill-health	2	0.00	668,615.76	668,615.76	0.00	668,615.76
	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	5,917.32	22,876.26	28,793.58	24,945.89	3,847.69
	Efficiency	0	0.00	0.00	0.00	0.00	0.00
<b>TOTALS FOR OTHER EMPLOYERS</b>	<b>Voluntary</b>	<b>120</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
	<b>Ill-health</b>	<b>17</b>	<b>0.00</b>	<b>2,967,576.50</b>	<b>2,967,576.50</b>	<b>0.00</b>	<b>2,967,576.50</b>
	<b>Flexible</b>	<b>9</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
	<b>Employers</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
	<b>Redundancy</b>	<b>21</b>	<b>565,519.61</b>	<b>826,859.61</b>	<b>1,392,379.22</b>	<b>4,475,563.34</b>	<b>-3,083,184.12</b>
	<b>Efficiency</b>	<b>1</b>	<b>0.00</b>	<b>35,546.95</b>	<b>35,546.95</b>	<b>0.00</b>	<b>35,546.95</b>
<b>TOTAL</b>	<b>ALL TYPES</b>	<b>168</b>	<b>565,519.61</b>	<b>3,829,983.06</b>	<b>4,395,502.67</b>	<b>4,475,563.34</b>	<b>-80,060.67</b>

## NOTES:

1) All costs on the pension fund as a result of redundancy, efficiency or flexible retirement are recharged either as a lump sum or in annual instalments (of up to 5 years max).

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

North Highland College	Lewis Castle College	Inverness Harbour Trust
Bord Na Gaidhlig	West Highland College	Scottish Fire & Rescue Service
Stornoway Port Authority	Cromarty Firth Port Authority	SDS
An Comunn Gaidhealach	WIPRO	Morrison FM

#### Appendix 4 - Comparison With Previous Years

Employer	Type of retirement	2023/24 No	% of Retirals	2022/23 No	% of Retirals	2021/22 No	% of Retirals	2020/21 No	% of Retirals	2019/20 No	% of Retirals	2018/19 No	% of Retirals	2017/18 No	% of Retirals	2016/17 No	% of Retirals	2015/16 No	% of Retirals	2014/15 No	% of Retirals
THE HIGHLAND COUNCIL	Voluntary	175	81.78%	188	77.69%	165	79.32%	102	75.00%	114	61.62%	119	69.19%	110	71.90%	91	29.55%	100	35.10%	110	65.87%
	Ill-health	14	6.54%	34	14.05%	21	10.10%	26	19.12%	51	27.57%	25	14.53%	20	13.07%	12	3.90%	17	5.96%	14	8.38%
	Flexible	22	10.28%	20	8.26%	21	10.10%	8	5.88%	17	9.19%	25	14.53%	17	11.11%	14	4.54%	50	17.54%	33	19.76%
	E'er Consent	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	2	1.31%	11	3.57%	n/a	n/a	n/a	n/a
	Redundancy	3	1.40%	0	0.00%	0	0.00%	0	0.00%	3	1.62%	3	1.75%	4	2.61%	180	58.44%	117	41.05%	9	5.39%
	Efficiency	0	0.00%	0	0.00%	1	0.48%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	1	0.35%	1	0.60%
<b>TOTAL</b>	<b>ALL TYPES</b>	<b>214</b>	<b>100%</b>	<b>242</b>	<b>100%</b>	<b>208</b>	<b>100%</b>	<b>136</b>	<b>100%</b>	<b>185</b>	<b>100%</b>	<b>172</b>	<b>100%</b>	<b>153</b>	<b>100%</b>	<b>308</b>	<b>100%</b>	<b>285</b>	<b>100%</b>	<b>167</b>	<b>100%</b>
OTHER EMPLOYERS	Voluntary	120	71.43%	98	76.56%	110	62.50%	90	72.58%	92	65.25%	87	74.36%	85	67.46%	100	64.51%	69	58.97%	98	68.06%
	Ill-health	17	10.12%	13	10.16%	14	7.95%	7	5.65%	26	18.44%	12	10.26%	17	13.49%	14	9.03%	11	9.40%	11	7.64%
	Flexible	9	5.35%	5	3.91%	14	7.95%	13	10.48%	11	7.80%	13	11.11%	13	10.32%	15	9.68%	23	19.66%	16	11.11%
	E'er Consent	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	2	1.59%	2	1.29%	n/a	n/a	n/a	n/a
	Redundancy	21	12.50%	10	7.81%	28	15.91%	10	8.06%	7	4.96%	2	1.71%	8	6.35%	23	14.84%	14	11.97%	17	11.80%
	Efficiency	1	0.60%	2	1.56%	10	5.68%	4	3.23%	5	3.55%	3	2.56%	1	0.79%	1	0.65%	0	0.00%	2	1.39%
<b>TOTAL</b>	<b>ALL TYPES</b>	<b>168</b>	<b>100%</b>	<b>128</b>	<b>100%</b>	<b>176</b>	<b>100%</b>	<b>124</b>	<b>100%</b>	<b>141</b>	<b>100%</b>	<b>117</b>	<b>100%</b>	<b>126</b>	<b>100%</b>	<b>155</b>	<b>100%</b>	<b>117</b>	<b>100%</b>	<b>144</b>	<b>100%</b>
TOTALS FOR ALL EMPLOYERS	Voluntary	295	77.22%	286	77.30%	275	71.61%	192	73.85%	206	63.19%	206	71.28%	195	69.89%	191	41.25%	169	42.04%	208	66.88%
	Ill-health	31	8.12%	47	12.70%	35	9.12%	33	12.69%	77	23.62%	37	12.80%	37	13.26%	26	5.62%	28	6.96%	25	8.04%
	Flexible	31	8.12%	25	6.76%	35	9.12%	21	8.08%	28	8.59%	38	13.15%	30	10.75%	29	6.26%	73	18.16%	49	15.76%
	E'er Consent	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	4	1.44%	13	2.81%	n/a	n/a	n/a	n/a
	Redundancy	24	6.28%	10	2.70%	28	7.29%	10	3.84%	10	3.07%	5	1.73%	12	4.30%	203	43.84%	131	32.59%	26	8.36%
	Efficiency	1	0.26%	2	0.54%	11	2.86%	4	1.54%	5	1.53%	3	1.04%	1	0.36%	1	0.22%	1	0.25%	3	0.96%
<b>GRAND TOTALS</b>	<b>ALL TYPES</b>	<b>382</b>	<b>100%</b>	<b>370</b>	<b>100%</b>	<b>384</b>	<b>100%</b>	<b>260</b>	<b>100%</b>	<b>326</b>	<b>100%</b>	<b>289</b>	<b>100%</b>	<b>279</b>	<b>100%</b>	<b>463</b>	<b>100%</b>	<b>402</b>	<b>100%</b>	<b>311</b>	<b>100%</b>