

Item: 8

Pension Fund Sub-committee: 24 November 2021.

Pensions Administration – Performance.

Report by Head of Finance.

1. Purpose of Report

To advise of the Pension Fund administration performance for the period 1 April to 30 September 2021.

2. Recommendations

The Sub-committee is invited to note:

2.1.

That the Orkney Islands Council Pension Fund invests and administers pensions on behalf of five current and former employers, including Scheduled Bodies brought into the Fund by legislation and Admitted Bodies who are permitted to join the Fund.

The Sub-committee is invited to scrutinise:

2.2.

The main Pension Fund administration activities for the period 1 April to 30 September 2021, as detailed in sections 4 to 9 of this report.

2.3.

The Pension Fund administration performance indicators for the period 1 April to 30 September 2021, as detailed in paragraph 6.3 to this report.

3. Background

3.1.

Orkney Islands Council acts as administering authority for the Orkney Islands Council Pension Fund (the Fund).

3.2.

The Fund invests and administers pensions on behalf of five employers. These include Scheduled Bodies brought into the Fund by legislation and Admitted Bodies, which are permitted to join the Fund. One employer participates as a Scheduled Body in the Fund.

3.3.

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 Pension Section.

3.4.

These contributions are remitted monthly to the Fund. The statutory deadline for payment to be made is the 19th of each month.

4. Scheme Employers' Pension Contributions

4.1.

Pension contributions received from employers are checked for accuracy against known parameters and the dates received are recorded and monitored. Contact is made with an employer in instances where payments are received late or are not to the expected value.

4.2.

Contributions from scheme employers in the period 1 April to 30 September 2021 were all received on time.

5. Auto Enrolment

5.1.

The Council continues to enrol eligible employees into the Pension Scheme in accordance with Auto Enrolment legislation. Eligible employees for auto enrolment are those employees aged between 22 and State Pension Age who earn over £833 per month.

5.2.

Nine employees were automatically enrolled in the Local Government Pension Scheme in the period 1 April to 30 September 2021. Of the nine employees enrolled in this period, none have chosen to opt out of the Pension Scheme.

6. Administrative Performance

6.1.

Orkney Islands Council, as administering authority, is committed to providing a high quality pension service to both members and employers and to ensuring that members receive their correct pension benefit entitlement.

6.2.

In line with good practice, the Pension Fund has an administration strategy which sets out the roles and responsibilities of both the Administering Authority and Scheme Employers. The administration strategy includes a number of key tasks

which are benchmarked against expected timescales, with the results included in the Pension Fund Accounts.

6.3.

Service level standards for the Administering Authority's performance are based on national Performance Indicators. Performance for the period 1 April to 30 September 2021 against the key service standards is shown below. Performance for the prior year period is shown for comparison.

	Performance standard – number of working days.	Number of records processed within standard.	Number of records processed outwith standard.	Percentage of records processed within standard.
Performance for 1 April to 30 September 2020				
New Entrant Information.	10.	94.	4.	95.9%.
Leaver Information.	10.	54.	5.	91.5%.
Pension Estimates.	10.	35.	6.	85.4%.
Retirements.	5.	44.	0.	100.0%.
Transfers in.	10.	19.	0.	100.0%.
Transfers out.	10.	8.	0.	100.0%.
Refunds.	5.	5.	1.	83.3%.
Performance for 1 April to 30 September 2021				
New Entrant Information.	10.	119.	0.	100.0%.
Leaver Information.	10.	75.	0.	100.0%.
Pension Estimates.	10.	75.	4.	94.9%.
Retirements.	5.	47.	0.	100.0%.
Transfers in.	10.	14.	1.	93.3%.
Transfers out.	10.	3.	0.	100.0%.
Refunds.	5.	3.	0.	100.0%.

7. Voluntary Severance and Early Retirement

7.1.

Activity in the period 1 April to 30 September 2021 in relation to voluntary severance and early retirement is contained in Appendix 1.

7.2.

The Pension Section continues to provide guidance to members voluntarily leaving the Council and drawing their pension benefits and also members retiring on health grounds.

8. Fund Membership

8.1.

Membership of the Fund as at 30 September 2021 is summarised across each employer as shown below. Membership as at 30 September 2020 is also shown for comparison.

	Active.	Deferred.	Pensioners.	Dependants.
Membership as at 30 September 2020				
Orkney Islands Council.	1,909.	901.	882.	141.
Orkney Ferries Limited.	92.	46.	26.	4.
Highlands and Islands Enterprise Orkney.	4.	4.	3.	0.
Pickaquoy Centre Trust.	58.	30.	8.	0.
Orkney Islands Property Development Limited.	2.	4.	4.	0.
Total Membership.	2,065.	985.	923.	145.
Membership as at 30 September 2021				
Orkney Islands Council.	1,906.	922.	940.	142.
Orkney Ferries Limited.	96.	46.	28.	5.
Highlands and Islands Enterprise Orkney.	4.	4.	3.	0.
Pickaquoy Centre Trust.	54.	32.	9.	0.
Orkney Islands Property Development Limited.	2.	4.	4.	0.
Total Membership.	2,062.	1,008.	984.	147.

9. Freedom and Choice

The Council continues to receive requests from current and previous Pension Scheme members for the cash equivalent value of their pension benefits should they wish to transfer out of the Fund as a result of Freedom and Choice legislation. No requests were made for a transfer of pension benefits to a personal pension scheme in the period 1 April to 30 September 2021.

10. Corporate Governance

This report relates to the Council complying with governance and its scrutiny role and therefore does not directly support and contribute to improved outcomes for communities as outlined in the Council Plan and the Local Outcomes Improvement Plan.

11. Financial Implications

There are no financial implications associated with this report.

12. Legal Aspects

12.1.

The Local Government Pension Scheme (Scotland) Regulations 2018 apply to the operation of the Pension Fund.

12.2.

Under Section 50A(4) of the Local Government (Scotland) Act 1973, the public should be excluded from the meeting in respect of any discussion relating to Appendix 1 to this report. Appendix 1 contains exempt information as defined in paragraph 1 of Part 1 of Schedule 7A of the Act.

13. Contact Officers

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14. Appendix

Appendix 1 – Voluntary Severance and Early Retirement.