

## **Item: 5**

**Pension Fund Sub-committee: 18 May 2023.**

**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 2022 to 31 March 2023.

### **2. Recommendations**

The Sub-committee is invited to scrutinise:

#### **2.1.**

Pension Fund administration activities, together with performance against key service standards, for the period 1 April 2022 to 31 March 2023, as detailed in sections 4 to 9 of this report, in order to obtain assurance.

### **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 2022 to 31 March 2023 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.**

Forty two employees were automatically enrolled in the Local Government Pension Scheme in the period 1 April 2022 to 31 March 2023. Of the 42 employees enrolled in this period, 11 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 against the key service standards for the period 1 April 2022 to 31 March 2023 is shown below. Performance for the period 1 April 2021 to 31 March 2022 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.
<b>Performance for 1 April 2021 to 31 March 2022</b>				
New Entrant Information.	10.	244.	0.	100.0%.
Leaver Information.	10.	166.	0.	100.0%.
Pension Estimates.	10.	120.	4.	96.8%.
Retirements.	5.	89.	0.	100.0%.
Transfers in.	10.	34.	0.	100.0%.
Transfers out.	10.	5.	0.	100.0%.
Refunds.	5.	11.	2.	84.6%.
<b>Performance for 1 April 2022 to 31 March 2023</b>				
New Entrant Information.	10.	286.	0.	100.0%.
Leaver Information.	10.	161.	1.	99.4%.
Pension Estimates.	10.	128.	6.	95.5%.
Retirements.	5.	112.	0.	100.0%.
Transfers in.	10.	47.	3.	94.0%.
Transfers out.	10.	6.	0.	100.0%.
Refunds.	5.	33.	0.	100.0%.

## 7. Voluntary Severance and Early Retirement

### 7.1.

There has been no activity in this area in the period 1 April 2022 to 31 March 2023.

## 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 31 March 2023 stood at 4,728, representing an increase of 389 members for the year, and is summarised across each employer as shown below. Membership as at 31 March 2022 is shown for comparison.

	Active.	Deferred.	Pensioners.	Dependants.
<b>Membership as at 31 March 2022</b>				
Orkney Islands Council.	1,962.	957.	961.	149.
Orkney Ferries Limited.	102.	46.	29.	6.
Highlands and Islands Enterprise Orkney.	4.	4.	3.	0.
Pickaquoy Centre Trust.	55.	41.	9.	0.
Orkney Islands Property Development Limited.	3.	4.	4.	0.
Total Membership.	2,126.	1,052.	1,006.	155.
<b>Membership as at 31 March 2023</b>				
Orkney Islands Council.	2,002.	1,077.	1,164.	174.
Orkney Ferries Limited.	111.	45.	33.	6.
Highlands and Islands Enterprise Orkney.	0.	0.	0.	0.
Pickaquoy Centre Trust.	51.	44.	10.	0.
Orkney Islands Property Development Limited.	3.	3.	5.	0.
Total Membership.	2,167.	1,169.	1,212.	180.

### 8.2.

Highlands and Islands Enterprise (HIE) Orkney now have no members in the Orkney Islands Council Pension Scheme, following the bulk transfer of the HIE members across to the Highland Council Pension Scheme on 31 March 2023. The transfer took place at the request of HIE, and the transfer value out was calculated by Hymans Robertson, the Council's actuaries.

## **9. Freedom and Choice**

### **9.1.**

In April 2015, the UK Government introduced Freedom and Choice legislation for members of defined contribution pension schemes. Members of defined contribution pension schemes who have reached age 55 can use money from their pension pots for a range of benefits such as cash withdrawal, retirement income or a combination of both.

### **9.2.**

Although Freedom and Choice legislation does not apply to public sector pension schemes, Local Government Pension Scheme members can choose to transfer their pension benefits to a defined contribution pension scheme, subject to taking appropriate independent advice from an adviser who is registered with the Financial Conduct Authority, in order to take advantage of Freedom and Choice legislation.

## **10. Corporate Governance**

This report relates to the Council complying with governance and scrutiny 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**

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

## **13. Contact Officers**

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