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## **PROFILE OF PENSION FUND MEMBERSHIP**

**Report by Chief Officer Human Resources**

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### **PENSIONS FUND COMMITTEE**

**11 December 2014**

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#### **1 PURPOSE AND SUMMARY**

- 1.1 **This report provides the Pension Fund Committee with the composition and profile of the membership of the Pension Fund. Details reflect current membership levels as at 6 November 2014.**
- 1.2 The report provides a breakdown of scheme membership by Admitted and Scheduled Body, by gender and full time equivalent pensionable salary.

#### **2 RECOMMENDATIONS**

- 2.1 **It is recommended that the Pension Fund Committee:-**
  - (a) **Notes the composition and profile of the scheme membership as outlined in the report.**
  - (b) **Notes that reports will be brought to Committee on an annual basis to monitor year on year changes in the composition and profile of scheme membership.**

### 3 BACKGROUND

- 3.1 At the September 2014 meeting a request was made for a report to be compiled detailing the composition and profile of the Pension Fund membership.
- 3.2 Within the Pension Fund risk register there is currently a red risk covering the potential "changes in composition of the Pension Fund membership", with the potential consequence of the risk being the "Fund matures more quickly than currently anticipated and this will require a complete review and potential change to the investment strategy and employer contributions levels".
- 3.3 There is also an amber risk within the Pension Fund risk register, in that there may be "insufficient funds to meet liabilities as they fall due to changes to active employment levels" with the potential consequence of the risk being the same as shown at 3.2 above.

### 4 PROFILE AND COMPOSITION

- 4.1 The Fund membership at the 31 March 2014 had increased by 245 to 9,556. This showed an increase of 68 contributing members.

<b>Member Status</b>	<b>As at 31/03/2013</b>	<b>As at 31/03/2014</b>
Contributing	4,298	4,366
Deferred	2,242	2,292
Pensioner/Dependants	2,771	2,898
<b>Total</b>	<b>9,311</b>	<b>9,556</b>

The positive effect on scheme membership is mainly attributable to those individuals who have opted to join the scheme following promotion of the scheme as employers complied with Auto Enrolment legislation.

- 4.2 Statistical analysis of the active scheme membership as at 6 November 2014 is included at Appendix 1.
- 4.3 The employer breakdown shows that Scottish Borders Council provides the highest number of scheme members by some distance, with over 4,000 scheme members, 91.75% of the active scheme membership.
- 4.4 The removal of the normal retirement age has seen an increase in the number of employees continuing to work, and be members of the pension scheme, past their 65<sup>th</sup> birthday.
- 4.5 The breakdown of employees by salary banding indicates that majority of employees fall into the lowest banding in terms of employee contribution rate and will be paying 5.5%. The remaining spread of scheme members is indicative of structures in the employing organisations with significantly lower numbers in the higher salary bands.
- 4.6 It is proposed that reports be presented to Committee on an annual basis to provide a breakdown of the profile and composition of the Fund membership, which will assist in the management of associated Fund risks.

## **5 IMPLICATIONS**

### **5.1 Financial**

- (a) There are no financial implications relating to this report.
- (b) The change in the profile of the Fund membership is nearing a tipping point where the number of pensioners and deferred members are outweighing the number of contributing members, this may lead to us changing our asset allocation in the near future towards income bearing assets.

### **5.2 Risk and Mitigations**

The composition and profile of the scheme membership is a key consideration within the Pension Fund Risk Register, in terms of the make up of membership of the scheme. The composition and profile of scheme membership will be reviewed on an annual basis and will be included in future reports to Committee and consider on the Risk Register in accordance with the review timetable.

### **5.3 Equalities**

It is anticipated there will be no adverse impact due to race, disability, gender, age, sexual orientation or religion/belief arising from the proposals contained in this report. It should also be recognised that an independent Equality Impact Assessment of the scheme has been carried out.

### **5.4 Acting Sustainably**

There are no significant effects on the economy, community or environment.

### **5.5 Carbon Management**

No effect on carbon emissions are anticipated from the recommendation of this report.

### **5.6 Rural Proofing**

It is anticipated there will be no adverse impact on the rural area from the proposals contained in this report.

### **5.7 Changes to Scheme of Administration or Scheme of Delegation**

No changes to either the Scheme of Administration or the Scheme of Delegation are required as a result of this report.

## **6 CONSULTATION**

- 6.1 The Chief Financial Officer, the Monitoring Officer, the Chief Legal Officer, the Service Director Strategy and Policy, the Chief Officer Audit and Risk and the Clerk to the Council have been consulted in the preparation of this report and any comments received have been incorporated into the final report.

**Approved by**

**Chief Officer Human Resources**

**Signature .....**

**Author(s)**

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**Background Papers:** Pension Fund Risk Register

**Previous Minute Reference:** Pension Fund Committee 4 September 2014

**Note** – You can get this document on tape, in Braille, large print and various computer formats by contacting the address below. Ian Angus can also give information on other language translations as well as providing additional copies.

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