ORKNEY ISLANDS COUNCIL

Item: 5

Pension Fund Sub-committee: 19 November 2025.

Orkney Islands Council Pension Fund - Pre/Post Divorce Charges.

Report by Head of Finance.

1. Overview

1.1. Under Local Government Pension Scheme (LGPS) Core Regulations 2018 in Scotland, pension funds can charge for Administration costs related to divorce/pension sharing, and different fees apply depending on the nature of the request.

1.2. The charges schedule, Pension Form CH1, was last increased in 2022. Charges have been increased in line with CPI for the updated 2025 Pension Form CH1 attached.

1.3. Scheme members are entitled to a free annual pension valuation, but charges apply for a specific calculation required for a pension sharing agreement.

1.4. A price comparison was made with Highland and Dumfries and Galloway local government pension schemes. The updated charges are in line with the comparator schemes.

2. Recommendations

2.1. It is recommended that members of the Sub-committee:

i. Approve the CH1 Form Schedule of Charges for the Local Government Pension Scheme (LGPS), attached as Appendix 1 to this report.

3. Background

3.1. The charges are permitted under the Local Government Pension Scheme Core Regulations 2018 where Scheme members require pension details for pre/post-divorce proceedings. The calculations are complex, and time consuming, varying dependent on the nature of the request.

3.2. It is normal working practice to charge in advance for any pre/post-divorce calculations required.

3.3. In general, Orkney Islands Council Pension Section receives one or two enquires per year in this area. Approval of the report recommendation will ensure the Orkney LGPS has up to date pricing information available.

For Further Information please contact:
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Implications of Report

1. **Financial:** There are no financial implications with this report.
2. **Legal:** The Local Government Pension Scheme (Scotland) Regulations 2018 apply to the operation of the Pension Fund.
3. **Corporate Governance:** The Pension Fund Sub-committee has responsibility to discharge all functions and responsibilities relating to the Council's role as administering authority for the Orkney Islands Council Pension Fund, as defined in the Scheme of Administration.
4. **Human Resources** N/A
5. **Equalities** N/A
6. **Island Communities Impact** N/A.
7. **Links to Council Plan:** The proposals in this report support and contribute to improved outcomes for communities as outlined in the following Council Plan strategic priorities:
   ☐Growing our economy.
   ☐Strengthening our communities.
   ☐Developing our Infrastructure.
   ☐Transforming our Council.
8. **Links to Local Outcomes Improvement Plan:** The proposals in this report support and contribute to improved outcomes for communities as outlined in the following Local Outcomes Improvement Plan priorities:
   ☐Cost of Living.
   ☐Sustainable Development.
   ☐Local Equality.
   ☐Improving Population Health.
9. **Environmental and Climate Risk** N/A
10. **Risk** N/A
11. **Procurement** N/A
12. **Health and Safety** N/A
13. **Property and Assets** N/A
14. **Information Technology** N/A
15. **Cost of Living** N/A

List of Background Papers
Highland Pension Fund Pension Sharing Charges
North East Pension Fund Pension Sharing Charging

Appendix
Appendix 1 – Form CH1 – Schedule of Charges for the Local Government Pension Scheme.

FORM CH1

Schedule of Charges for the Local Government Pension Scheme (LGPS)

A. Scheme member not yet retired – about to divorce

Procedure	Comments	Cost
Produce CETV quotation (member or Court does not stipulate deadline for production) Produce CETV quotation (member or Court requires within 3 months)	Standard annual entitlement under PSA 1993 (to be provided within 3 months of relevant date) Standard CETV under PSA 1993 (to be provided within deadline requested)	£0 £154.00 *
Additional CETV quotations based on different dates		£154.00 * per additional quote
Provision of other information	If under disclosure of information regulations Otherwise, depending on nature of request	£0 Maximum £154.00 *
Receipt of pension sharing order or consent order where the spouse (the credited member) is under 65	To cover all administration costs from receipt of pension sharing order to completion of pension payments	£854.00
Establish a new pensioner record where the spouse (the credited member) is 65 or over	To cover all administration costs from receipt of pension sharing order to completion of pension payments	£854.00
Assuming all documentation is in place, settle a transfer out (instead of 4)	This only applies if the credited member asks for a transfer out at the outset. Otherwise, the charges in 4 will apply and no additional charge will be levied if the credited member subsequently asks for a transfer-out	£409.00
Objections to order by Scheme	Onus should be on the draftsman of the order to ensure that it is correctly drafted prior to issue	Costs for dealing with inoperable orders will be passed on

B. Scheme member retired – pension in payment – about to divorce

Procedure	Comments	Cost
Assess the value of the Pension in payment, Including any contingent Benefits		£409.00 *
Receipt of pension sharing Order or consent order Where the spouse (the Credited member) is under 65	To cover all administration costs from receipt of pension sharing order to completion of pension payments	£854.00
Establish new pensioner record where the spouse (the credited member) is 65 or over	To cover all administration costs from receipt of pension sharing order to completion of pension payments	£854.00
Assuming all documentation is in place, settle a transfer Out (instead of 2, above)	This only applies if the credited member asks for a transfer out at the outset. Otherwise, the charges in 2 will apply and no additional charge will be levied if the credited member subsequently asks for a transfer out	£409.00

Notes:

1. Any additional costs arising if specialist actuarial, legal, etc advice is requested will be charged in full in addition to the figures quoted above.
2. Where a scheme member has an Additional Voluntary Contribution contract under the LGPS, the insurance company, etc may charge for the provision of information. Any such charges will be charged in full in addition to the figures quoted above.
3. Any reasonable administrative costs incurred or likely to be incurred in complying with an " earmarking order" will be charged to the pensioner member.
4. Any costs incurred in relation to a "pension sharing order" which is made the subject of an application for leave to appeal out of time will be recovered by the authority administering the pension fund.
5. VAT will be payable in addition to all the above charges.
6. All charges are correct at the time of production of this charging schedule (April 2009). The authority administering the pension fund will increase its charges each April by RPI (over the 12 months to the previous September).
7. The standard practice of the authority administering the pension fund is that the full amount of the charges marked with an "*" must be paid, by either party to the divorce, before the relevant action is undertaken. All other charges can either be paid
8. in full at the point of action, by either party to the divorce, or
9. by part payment at the point of action, by either party to the divorce, with the balance being deducted from either the cash value awarded to the ex-spouse (the credited member) under the sharing order or agreement before it is converted into an annual pension value under the LGPS or, if the credit member wishes to immediately transfer the pension credit to another scheme, from the transfer value payable in respect of the credited member, or
10. by deduction in full of either the cash value awarded to the ex-spouse (the credited member) under the sharing order or agreement before it is converted into an annual pension value under the LGPS or, if the credit member wishes to immediately transfer the pension credit to another scheme, from the transfer value payable in respect of the credited member, or
11. by deduction in full of any share of a scheme member's Additional Voluntary Contribution 'pot' awarded to the ex-spouse (the credited member) under the sharing order or agreement.
12. The authority administering the pension fund will, however, comply with the charging requirements specified in an order or agreement.