

PENSIONS COMMITTEE

ABERDEEN, 17 December 2015. Minute of Meeting of the PENSIONS COMMITTEE AND PENSIONS BOARD. Present (Pensions Committee):- Councillor Crockett, Convener; and Councillors Donnelly, Malone, MacGregor, Noble, Reynolds and Young; (Pensions Board) Mr J Mulholland, Chairperson, Mr D Briggs, Councillor Cowe, Councillor Stuart (as substitute for Councillor Howatson, and Mr A Walker.

DETERMINATION OF EXEMPT BUSINESS

1. The Committee was requested to determine that the following items of business, which contained exempt information as described in Schedule 7(A) of the Local Government (Scotland) Act 1973, be taken in private – items 7 (Asset and Investment Manager Performance Report) and 8 (Investment Strategy Update).

The Committee resolved:-

in terms of Section 50(A)(4) of the Local Government (Scotland) Act 1973, to exclude the press and public from the meeting during consideration of items 7 and 8 so as to avoid disclosure of exempt information of the class described in paragraph 6.

The Board resolved:-

to note the decision of the Committee.

APOLOGIES

2. Apologies for absence were received from Councillor Kiddie (Pensions Committee) and Councillors Howatson and Ironside (Pensions Board).

MINUTE OF MEETING OF THE PENSIONS COMMITTEE AND PENSIONS BOARD

3. The Committee and Board had before it the Minute of the Pensions Committee and Board meeting of 4 September 2015.

The Committee and Board resolved:-

to approve the minute.

MATTERS ARISING

4. With reference to article 9 (Administration and Governance of the North East Pension Fund) of the previous minute, Councillor Noble advised that the training to be provided on 19/20 November 2015 by the Governance Group of LGPS Funds in Scotland and the LGC had been cancelled.

PENSIONS COMMITTEE

17 December 2015

Councillor Malone referred to the confidential matter which had been discussed at the previous meeting and was advised that an update would be provided later in the meeting.

MOTIONS LIST

5. The Committee had before it a motions list prepared by the Head of Legal and Democratic Services. In relation to the motion from Councillor Kiddie requesting a report on ethical investments in respect of the Pension Fund, the Committee was advised that the report from KPMG at item 8 (article 10 of this minute refers) contained information on ethical investments. The Convener advised that Councillor Kiddie was not in attendance at the meeting, but that it was likely that he would be looking for a more detailed report to come before the Committee for consideration to satisfy the terms of his motion.

The Committee resolved:-

to note the motions list.

The Board resolved:-

to note the decision of the Pensions Committee.

TRAINING

6. The Committee had before it a report by the Pensions Manager and the Head of Finance which provided details of the 2016 training plan for the Pensions Committee and Pensions Board. The report advised how it was proposed to deliver the training and set out various options for March 2016 for consideration, namely:-

1. Commitment to 2.5 days in Aberdeen in the Town House
2. Commitment to 2.5 days in a location outside the city, to be confirmed
3. Commitment to 2.5 days in London, with a Fund manager providing meeting accommodation.

Members discussed the various options and it was suggested that it would be helpful for named substitutes to be included in the training.

Following discussion of the options, Councillor Crockett, seconded by Mr Mulholland, proposed that members agree to option 1, with a separate visit to London and the Fund Managers at a date to be confirmed, as it was felt that this would be beneficial to members.

PENSIONS COMMITTEE

17 December 2015

Councillor Malone, seconded by Councillor Donnelly, proposed that members have a day of training in Aberdeen and that the meeting with Fund Managers and the business meeting of the Pensions Committee and Board be held in London.

Following a show of hands, there being an equality of votes between the two proposals, the Convener exercised his casting vote in favour of option 1.

The Committee resolved:-

to agree option 1 in respect of the 2016 training.

The Board resolved:-

to note the decision of the Committee.

BUDGET / FORECAST AND PROJECTED SPEND 2015/16

7. The Committee had before it a report by the Pensions Manager which provided details of the Management Expenses budget and the projected spend for the North East Scotland Pension Fund (NESPF).

The report recommended:-

that the Committee note the update on the current NESPF Management Expenses Budget and Projected Spend for 2015/16.

The Committee resolved:-

to note the report.

The Board resolved:-

to note the decision of the Committee.

In accordance with the decision recorded under article 1 of this minute, the following items were considered with the press and public excluded.

ASSET AND INVESTMENT MANAGER PERFORMANCE REPORT

8. The Committee had before it a report by the Head of Finance which provided a review of the investment activity of both the North East Scotland Pension Fund and the Aberdeen City Council Transport Fund for the three month period ending 30 September 2015. The report was supported by the BNY Mellon, Fund Analysis and Performance Report and the quarterly investment reports from the Fund Manager.

PENSIONS COMMITTEE

17 December 2015

The report recommended:-

that the Committee note the report.

The Committee resolved:-

to agree the recommendation.

The Board resolved:-

to note the decision of the Committee.

INVESTMENT STRATEGY UPDATE

9. The Committee had before it a report by the Head of Finance which provided an update on the Fund investment strategy and set out proposed actions to secure compliance and adherence to the funds benchmark allocation.

With reference to the motion from Councillor Kiddie (article 5 above refers), the report also included information from KPMG which considered the incorporation of Environmental, Social and Governance factors into the Fund's investment process and the ways in which this could be achieved.

The report recommended:-

that the Committee –

- (a) approve the recommendations outlined in the report at sections 5.2.1 and 5.2.2; and
- (b) otherwise note the report.

Officers explained the reasoning behind the recommendations at 5.2.1 and 5.2.2 and there followed lengthy discussion by Members on the content of the report. As part of the discussion, Members discussed the Local Authority Pension Fund Forum and the Convener suggested that members might benefit from receiving further information on the work of the Forum and the impact it could have.

The Committee resolved:-

- (i) to approve the recommendations; and
- (ii) to request that officers provide further information to members on the Local Authority Pension Fund Forum.

The Board resolved:-

to note the decision of the Committee.

At this juncture, Councillor Young departed the meeting.

PENSIONS COMMITTEE

17 December 2015

DECLARATION OF INTEREST

Councillor Donnelly declared an interest in the following item by virtue of his position as a Trustee of Oakbank School. He considered that the nature of his interest required him to withdraw from the meeting during discussion of the item.

UPDATE FROM HEAD OF FINANCE

10. Members received a verbal update from the Head of Finance on the ongoing legal matter which had been discussed at the last meeting (article 4 of this minute refers). Mr Whyte explained that matters were still ongoing and advised that an update would be provided to members when matters were concluded.

The Committee resolved:-

to note the update.

The Board resolved:-

to note the decision of the Committee.

- **COUNCILLOR BARNEY CROCKETT, Convener**