

PENSIONS COMMITTEE AND PENSION BOARD

ABERDEEN, 17 December 2021. Minute of Meeting of the PENSIONS COMMITTEE AND PENSION BOARD. Present:- Councillor Malik, Convener; Councillor Reynolds, Vice-Convener; Councillor Barney Crockett, the Lord Provost; and Councillors Bell, Cooke, Delaney, Henrickson, MacGregor and Wheeler (Pensions Committee); and Mr N Stirling, Chairperson; Councillor McKelvie, Vice Chairperson; Councillors Allan and Cowe; and Mr I Hodgson, Mrs M Lawrence and Mr A Walker (Pension Board).

Also in attendance:- Jonathan Belford, Chief Officer – Finance; Laura Colliss, Pensions Manager; Graham Buntain, Investment Manager; and Colin Morrison, Audit Scotland.

The agenda and reports associated with this minute can be found [here](#).

Please note that if any changes are made to this minute at the point of approval, these will be outlined in the subsequent minute and this document will not be retrospectively altered.

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 – item 10.1 (Investment Strategy), 10.2 (Procurement), 10.3 (Asset and Investment Manager Performance Report) and 11.1 (Investment Strategy) and item 11.2 (Deferred Debt Arrangement).

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 the above-mentioned item so as to avoid disclosure of exempt information of the class described in paragraphs 6 and 12 (Item 10.1); 8 (Item 10.2) and 6 (Items 10.3 and 11.1).

The Board resolved:-

to note the decision of the Committee.

DECLARATIONS OF INTEREST

2. There were no declarations of interest.

MINUTE OF PREVIOUS MEETING OF 17 SEPTEMBER 2021

3. The Committee had before it the minute of its previous meeting of 17 September 2021 for approval.

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The Committee resolved:-

to approve the minute as a correct record.

The Board resolved:-

to note the decision of the Committee.

BUSINESS PLANNER

4. The Committee had before it the committee business planner as prepared by the Chief Officer – Governance.

The Committee resolved:-

to note the planner.

The Board resolved:-

to note the decision of the Committee.

PENSIONS COMMITTEE ANNUAL EFFECTIVENESS REPORT 1 MAY 2020 TO 31 OCTOBER 2021 - COM/21/312

5. The Committee had before it the annual committee effectiveness report by the Director of Commissioning for consideration. The annual effectiveness reports had been introduced in 2018/19 following a recommendation from the Chartered Institute of Public Finance and Accountancy (CIPFA) as part of the Council's work towards securing that organisation's accreditation in governance excellence.

The Convener stated that he would like to take the opportunity to thank Members of the Committee and Board and officers for their support and contributions both at and outwith Committee during what had been a very difficult year.

The report recommended:-

that the Committee –

- (a) provide comments and observations on the data contained within the annual report; and
- (b) note the annual report of the Pensions Committee.

The Committee resolved:-

to note the report.

The Board resolved:-

to note the decision of the Committee.

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BUDGET/FORECAST & PROJECTED SPEND 2021/22 - PC/DEC21/BUD

6. The Committee had before it a report by the Chief Officer – Finance which provided details of the Management Expenses Budget/Forecast 2021/22 and projected spend 2021/22 for the North East Scotland Pension Fund (NESPF).

The report recommended:-

that the Committee note the update on the NESPF Management Expenses Budget/Forecast and Projected Spend 2021/22, shown in Appendix I.

The Committee resolved:-

to approve the recommendation.

The Board resolved:-

to note the decision of the Committee.

INVESTMENT BUCKETS - RISK MANAGEMENT - PC/DEC21/RISK

7. The Committee had before it a report by the Director of Resources which sought approval for the intention to adopt ‘investment buckets’ as a risk strategy for managing liabilities at an employer level.

Members asked a number of questions in relation to the proposal and officers advised that if any employers wished to participate, detail would come before Committee at that time. During the discussion, Members suggested that the wording ‘Higher Risk’ be amended to ‘Standard Risk’ and officers undertook to make that change.

The report recommended:-

that Committee –

- (a) approve that the Pension Fund Manager move forward with the policy on Investment Buckets and continue work around issuing a consultation on the amended Funding Strategy Statement; and
- (b) note that further information on the investment buckets, assumptions and implementation would be provided to Committee in the form of the draft Funding Strategy Statement in June 2022.

The Committee resolved:-

- (i) to request that officers amend the ‘Higher Risk’ terminology to ‘Standard Risk’; and
- (ii) to otherwise approve the recommendations.

The Board resolved:-

to note the decision of the Committee.

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STRATEGY - PC/DEC21/STRAT

8. The Committee had before it a report by the Director of Resources which provided updates for the Committee and recommendations (if applicable) to any changes required to the North East Scotland Pension Fund and the Aberdeen City Council Transport Fund.

The report provided an update on the Pension Schemes Act 2021 and The Occupational and Personal Pension Schemes (Conditions for Transfers) Regulations 2021; details of the successful completion of the annual benefit statements project, including information on the work undertaken to ensure all casual employees were correctly recorded on the system, which would ensure a statement was automatically generated without any further issue from next year; detail of an interim response published by the Pensions Regulator in relation to their consultation on the new single Code of Practice; and a request for approval of overseas travel (depending on guidance at the time) for attendance at various Advisory Committees.

It was further noted that there had been minor amendments to the following documents which could be viewed on the NESPF website:-

- Governance Compliance Statement (updated from partial to full compliance to reflect changes agreed as part of Annual Report and Accounts); and
- Training Policy (updated to reflect revised CIPFA Knowledge and Skills Framework)

The report recommended:-

that the Committee -

- (a) note the final outcome of the annual benefit statement project, which had been completed successfully despite the challenges of Covid and homeworking, for assurance (3.9.2 of the report refers);
- (b) note the updates to the Fund Policy documents as set out in 3.9.3; and
- (c) approve the travel for one appointed Advisory Committee Officer (Pension Fund Manager or suitable experienced Officer substitute) to attend the following Advisory Committees (as per item 3.9.6):
 - Partners Group, Denver, March 2022
 - Harbourvest, Boston, May 2022 (TBC)
 - Harbourvest, Boston, December 2022 (TBC)
 - Blackrock, Europe, 2022 (TBC).

The Committee resolved:-

to approve the recommendations.

The Board resolved:-

to note the decision of the Committee.

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

INVESTMENT STRATEGY UPDATE - PC/DEC21/INVSTRAT

9. The Committee had before it a report by the Director of Resources which provided a review of the investment re-balancing activity of the North East Scotland Pension Fund (NESPF) for the three month period ending 30 September 2021 and which also provided an update on the Under Armour Class action.

The report recommended:-

that Committee note the contents of the report for assurance.

The Committee resolved:-

to note the report.

The Board resolved:-

to note the decision of the Committee.

PROCUREMENT - PC/DEC21/PRO

10. The Committee had before it a report by the Director of Resources which sought approval to use the National Local Government Pension Scheme (LGPS) Framework for data services for the Fund to trace “gone away” members, as well as approval of a direct award for provision of an online learning portal to assist Pensions Committee and Board members to meet learning requirements.

The report recommended:-

that Committee –

- (a) approve entering into a call-off contract with the preferred supplier as outlined in the report under the National LGPS Framework agreement set up by Norfolk County Council, in order to procure member data services for the North East Scotland Pension Fund;
- (b) approval of direct award as outlined in the report to the preferred supplier of an online learning portal; and
- (c) approve the potential expenditure in respect of the above contracts as set out in this report.

The Committee resolved:-

to approve the recommendations.

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The Board resolved:-

to note the decision of the Committee.

ASSET AND INVESTMENT MANAGER PERFORMANCE - PC/DEC21/AIMPR

11. The Committee had before it a report by the Director of Resources which presented 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 2021.

Members heard from Mr Buntain in respect of the detail in the report.

The report recommended:-

that Committee note the contents of the report for assurance.

The Committee resolved:-

to note the report.

The Board resolved:-

to note the decision of the Committee.

DEFERRED DEBT ARRANGEMENT - PC/DEC21/DDA

12. The Committee had before it a report by the Director of Resources which sought approval for the Fund to enter into a Deferred Debt Arrangement with the employer outlined in the report to allow them to exit the pension scheme in an affordable manner.

The report recommended:-

that Committee –

- (a) approve the intended plan for the Fund to enter into a Deferred Debt Arrangement with the employer outlined in the report upon issue of a notice of exit from the scheme;
- (b) note the intention of the Scottish Government to update the Local Government Pension Scheme (Scotland) Regulations in early 2022, following consultation, to allow for further flexibilities around exiting from the LGPS (including Deferred Debt Arrangements); and
- (c) note that changes would be made to update the NESPF Funding Strategy Statement and Termination Policy as a result of the new flexibilities and these updated policies would be brought to the Pensions Committee for approval at a future date.

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The Committee resolved:-

to approve the recommendations.

The Board resolved:-

to note the decision of the Committee.

- **COUNCILLOR M. TAUQEER MALIK, Convener**