

PENSIONS COMMITTEE AND PENSION BOARD

ABERDEEN, 24 March 2023. Minute of Meeting of the PENSIONS COMMITTEE AND PENSION BOARD. Present:- Councillor Cooke, Convener; Councillor MacGregor, Vice-Convener; and Councillors Allard, Alphonse, Cross, Davidson, Henrickson, Massey and McRae (Pensions Committee); and Mr I Hodgson, Chairperson, Mrs M Lawrence, Vice Chairperson; Councillors Leadbitter, Mennie and Smith; and Mr N Stirling, Mr A Walker and Mr G Walters (Pension Board).

Also in attendance:- Jonathan Belford, Chief Officer – Finance; Graham Buntain, Investment Manager; Jamie Dale, Internal Audit; and Michael Oliphant and Anne MacDonald, External Audit.

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.

ANNOUNCEMENT

1. The Convener welcomed Michael Oliphant and Anne MacDonald from External Audit to their first meeting of the Committee, noting that he looked forward to working with them both.

He also advised Members that the Pension Fund had won the Scheme Administration Award at the Local Authority Pension Fund (LAPF) Awards held on 15 December 2022, having been shortlisted for that award and LGPS Fund of the Year (assets over £2.5 billion).

DETERMINATION OF EXEMPT BUSINESS

2. The Committee was requested to determine that the following item of business which contained exempt information as described in Schedule 7(A) of the Local Government (Scotland) Act 1973 be taken in private – Item 12.1 (Asset and Investment Manager Performance Report).

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 paragraph 6 (Item 12.1).

DECLARATIONS OF INTEREST AND TRANSPARENCY STATEMENTS

3. There were no declarations of interest nor transparency statements made.

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MINUTE OF PREVIOUS MEETING OF 16 DECEMBER 2022

4. The Committee had before it the minute of its previous meeting of 16 December 2022.

The Committee resolved:-

to approve the minute as a correct record.

BUSINESS PLANNER

5. The Committee had before it a planner of committee business as prepared by the Interim Chief Officer – Governance.

The Committee resolved:-

to note the planner.

INTERNAL AUDIT PLAN 2023-2026 - IA/22/04

6. The Committee had before it a report by the Chief Internal Auditor which sought approval of the Internal Audit plan for 2023-26.

Members heard from Mr Dale, Chief Internal Auditor, in respect of the report.

The report recommended:-

that the Committee approve the attached Internal Audit Plan 2023-26.

The Committee resolved:-

to approve the recommendation.

INTERNAL AUDIT UPDATE REPORT - IA/22/003

7. The Committee had before it a report by the Chief Internal Auditor which provided an update on the work of Internal Audit since the last report presented to Committee. The report contained details of the progress against approved Internal Audit plans, audit recommendations follow up, and other relevant matters.

The report recommended:-

that the Committee –

- (a) note the progress of the Internal Audit plan; and
- (b) note the progress that Management had made with implementing recommendations agreed in Internal Audit reports, with none due as at 31 January 2023.

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The Committee resolved:-

- (i) to note that officers would look to ensure consistency when referring to the Board and Committee and member roles, particularly in relation to training requirements;
- (ii) to note that officers would include information on the roles of Committee member / substitute and Board member / substitute and training requirements and implications in either the Training Policy report to the June Committee, or an upcoming bulletin that was due to be issued;
- (iii) to note the comments from the Board Chairperson on behalf of the Pension Board, thanking officers for ensuring that all Internal Audit recommendations had been implemented; and
- (iv) to otherwise note the report.

INTERNAL AUDIT REPORT AC2309 - PENSION FUND GOVERNANCE ARRANGEMENTS - IA/AC2309

8. The Committee had before it a report by the Chief Internal Auditor which presented the outcomes from the planned Internal Audit report on Pension Fund Governance Arrangements.

The report recommended:-

that the Committee review, discuss and comment on the issues raised within the report and the attached appendix.

The Committee resolved:-

to note the report.

STATEMENT OF ACCOUNTS ACTION PLAN - PC/MAR23/ACCOUNTS

9. The Committee had before it a report by the Director of Resources which presented high level information and key dates in relation to the 2022/23 Statement of Accounts including linkages to the plans and timetables of the Council's External Auditors.

The report recommended:-

that the Committee note the report for assurance.

The Committee resolved:-

to note the report.

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EXTERNAL AUDIT - NESPF 2022-23 ANNUAL AUDIT PLAN

10. The Committee had before it a report by the External Auditor on the NESPF Annual Audit Plan for 2022/23. Members heard from Mr Michael Oliphant and Ms Anne MacDonald on the detail of the report.

The report summarised the work plan for the 2022/23 external audit of the North East Scotland Pension Fund, with the main elements to include:-

- evaluation of the key controls within the main accounting systems
- an audit of the annual accounts, leading to an independent audit opinion
- independent audit opinions on statutory information published in the annual accounts, comprising the Management Commentary, the Annual Governance Statement and the Governance Compliance Statement and
- consideration of arrangements in relation to wider scope areas: financial management; financial sustainability; vision, leadership and governance; and use of resources to improve outcomes.

Members asked a number of questions on the report, particularly around cyber security and lessons learned from incidents at other organisations; and the proposed work to be undertaken around climate change.

The Committee resolved:-

- (i) to note that officers would bring information to a future meeting on assurances and controls in place around cyber security, including in relation to cyber security at organisations in which the Fund invested; and
- (ii) to otherwise note the report.

BUDGET FORECAST 2022/2023 - PC/MAR23/BUD

11. The Committee had before it a report by the Director of Resources which detailed the Management Expenses Budget/Forecast and Projected Spend 2022/23 for the North East Scotland Pension Fund (NESPF).

Members asked a number of questions around underspend in the Investment Staff costs; whether business rates were a recurring pressure; and in relation to the overspend on the actuarial fees.

The report recommended:-

that the Committee note the update on the NESPF Management Expenses Budget/Forecast and Projected Spend 2022/23.

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The Committee resolved:-

- (i) to request that officers prepare a service update showing the breakdown of the actuarial spend over the last 12 months; and
- (ii) to otherwise note the report.

REVIEW OF NESPF COMPLIANCE WITH THE PUBLIC SERVICE PENSIONS ACT 2013 (PSPA 2013) & PENSION REGULATOR REQUIREMENTS - PC/MAR23/GOV

12. The Committee had before it a report by the Director of Resources which presented a review of the North East Scotland Pension Fund's (the "Fund") compliance with the Public Service Pensions Act 2013 ("PSPA") and the Pensions Regulator's ("tPR") requirements during the financial year 2022/23.

The report recommended:-

that the Committee note the assurance provided in the report.

The Committee resolved:-

to note the report.

STRATEGY - PC/MAR23/STRAT

13. The Committee had before it a report by the Director of Resources which provided an update and recommendations (if applicable) on changes to the North East Scotland Pension Fund and the Aberdeen City Council Transport Fund.

The report provided an update on the NESPF's award success (as discussed at article 1); details of ongoing staff training; information on the two unfilled posts which had now been converted to Modern Apprenticeship positions; notification that there had been no cases of fraud, whistleblowing or breaches of the Bribery Act this year; an update to the Data Quality Improvement Plan; updates on terminations/exits from the Fund; and notification that the Financial Forum and training which had been cancelled in December 2022 was to be rescheduled.

Members asked a number of questions in relation to the report.

The report recommended:-

that the Committee note the report for assurance.

The Committee resolved:-

- (i) to commend those who had applied for the Modern Apprenticeship positions;
- (ii) to note that officers were currently reviewing the Termination Policy and that there would be a future report to Committee around terminations and conversations being held with employers; and
- (iii) to otherwise note the report.

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In accordance with the decision taken under article 2, the following item was considered with the press and public excluded.

ASSET AND INVESTMENT MANAGER PERFORMANCE - PC/MARCH23/AIMPR

14. The Committee had before it a report by the Director of Resources which provided a review of the investment activity of the North East Scotland Pension Fund and the Aberdeen City Council Transport Fund for the three month period ending 31 December 2022.

Members heard from Mr Buntain in respect of the report and asked a number of questions.

The report recommended:-

that the Committee note the content of the reports for assurance.

The Committee resolved:-

- (i) to note that officers could share voting papers from the Local Authority Pension Fund Forum and would ascertain whether it would be possible to share a timeline of voting that had taken place and how effective it had been;
- (ii) to note that officers could share a heatmap which showed how different asset classes had performed over a number of years;
- (iii) to note that officers would organise a future session for the Committee and Board members on the investment strategy; and
- (iv) to otherwise note the report.

- **COUNCILLOR JOHN COOKE, Convener**