

PENSIONS COMMITTEE AND PENSION BOARD

ABERDEEN, 15 September 2023. Minute of Meeting of the PENSIONS COMMITTEE AND PENSION BOARD. Present:- Councillor MacGregor, Convener; and Councillors Allard, Cooke, Cross, Davidson, Henrickson, Massey, McLellan, McRae and van Sweeden (Pensions Committee); and Mrs M Lawrence, Chairperson; Councillor Smith, Vice Chairperson; Councillors Leadbitter and Mennie; Mr N Stirling, Mr A Walker and Mr G Walters (Pension Board).

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

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 11.1 (Procurement), 11.2 (LGPS Consolidation of the Scottish Fire And Rescue Service), 11.3 (Asset and Investment Manager Performance Report) and 11.4 (Investment Strategy).

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 items so as to avoid disclosure of exempt information of the class described in paragraphs 6, 8 and 12.

DECLARATIONS OF INTEREST AND TRANSPARENCY STATEMENTS

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

MINUTE OF PREVIOUS MEETING OF 23 JUNE 2023

3. The Committee had before it the minute of its previous meeting of 23 June 2023 for approval.

The Committee resolved:-

to approve the minute as a correct record.

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BUSINESS PLANNER

4. The Committee had before it the planner of committee business as prepared by the Interim Chief Officer – Governance (Legal).

The Committee resolved:-
to note the business planner.

EXTERNAL AUDIT - NESPF ANNUAL AUDIT REPORT

5. The Committee had before it a report by the External Auditor on the 2022/2023 Annual Audit of the North East Scotland Pension Fund. The report noted that auditors were required to report on specific matters arising from the audit of the financial statements to those charged with governance of a body, prior to the financial statements being approved and certified. The report advised that the financial statements gave a true and fair view of the financial position of the North East Scotland Pension Funds at 31 March 2023 and the transactions for 2022/23.

In the opinion of External Audit, the financial statements:-

- gave a true and fair view of the financial transactions of the fund during the year ended 31 March 2023 and of the amount and disposition at that date of [its/their] assets and liabilities;
- had been properly prepared in accordance with UK adopted international accounting standards, as interpreted and adapted by the 2022/23 Code; and
- had been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

The audit concluded that governance arrangements were appropriate and operated effectively during 2022/23, however the External Auditor noted that there had been long-term vacancies on the Pensions Committee and encouraged Aberdeen City Council, as the administering authority, to fill the vacancies and for Members to work together for the benefit of the fund. The report noted a need for ongoing training to support Members in building their knowledge in this complex area and provide them with essential skills for effective scrutiny. There were further recommendations in relation to reviewing the accounting treatment of private equity management fees; ensuring checks of key control areas were evidenced; and implementing a periodic review of user access rights to ensure leavers were promptly removed and only authorised users had access to systems.

The Committee heard in detail from Ms MacDonald in respect of the report.

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Members asked a number of questions of Ms MacDonald and officers.

The Committee resolved:-

- (i) to note that the External Auditor would revise the representation of training attendance in future reports to provide greater clarity; and
- (ii) to note the report.

**CONSIDERATION AND SIGNING OF AUDITED ANNUAL REPORT AND ACCOUNTS
- PC/SEPT23/ARA**

6. The Committee had before it a report by the Director of Resources which set out the Audited Annual Report and Accounts for the North East Scotland Pension Fund (NESPF) for consideration and signing.

The Committee heard from Mr Belford in respect of the report. Mr Belford stated that he wished to record his thanks to the NESPF team and to External Audit for the work undertaken in the production of the annual report and accounts.

Members asked a number of questions of officers.

The report recommended:-

that the Committee –

- (a) consider and approve the Audited Annual Report and Accounts for the North East Scotland Pension Fund; and
- (b) instruct the Chief Officer – Finance, as the Local Government (Scotland) Act 1973 – Section 95 Officer, to sign the accounts on behalf of the Fund.

The Committee resolved:-

- (i) to note that officers would provide Members with a review of staffing levels and costs over recent years, including what a full complement of staff might mean for cost increases or otherwise in future years;
- (ii) to request that officers provide Members with the staffing structure of the NESPF broken down by areas of work; and
- (iii) to approve the recommendations.

BUDGET / FORECAST 2023/2024 - PC/SEPT23/BUD

7. The Committee had before it a report by the Director of Resources which set out the Management Expenses Budget/Forecast 2023/24 for the North East Scotland Pension Fund (NESPF).

The report recommended:-

that the Committee approve the NESPF Management Expenses Budget/Forecast 2023/24, shown in the main report.

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The Committee resolved:-

to approve the recommendation.

STRATEGY - PC/SEPT23/STRAT

8. The Committee had before it a report by the Director of Resources which provided an update to Committee and made recommendations (if applicable) to changes to the North East Scotland Pension Fund.

The report provided a final update on the project to issue all active and deferred members with annual benefit statement information; a further consultation on the McCloud Remedy in July 2023; a consultation in July 2023 in respect of abolishing the pensions lifetime allowance from pensions legislation from April 2024; early retirement factors; and pensions dashboards.

The report recommended:-

that the Committee note the contents of the report for assurance.

The Committee resolved:-

to note the report.

In accordance with the decision taken under article 1, the following items were considered with the press and public excluded.

PROCUREMENT - PC/SEPT23/PRO

9. 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 Global Custody Services, noting that the existing contract was entered into on 1 April 2018 using the Framework and was due to expire.

The report recommended:-

that the Committee –

- (a) approve the use of the Norfolk LGPS Framework for Global Custody Services and the appointment of a service provider following the completion of a successful mini competition by Officers for a period of 7 years (with the option to extend for a further 3 x 1 years);
- (b) approve the estimate expenditure associated with granting such approval as set out in the recommendations section of the main report; and
- (c) agree to continue with the existing HSBC global custody contract until a new provider was appointed and transition of the assets is complete.

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The Committee resolved:-

to approve the recommendations.

**LGPS CONSOLIDATION OF THE SCOTTISH FIRE AND RESCUE SERVICE -
PC/SEPT23/SFRS**

10. The Committee had before it a report by the Director of Resources which provided an update on the Scottish Fire and Rescue Service, a Scheduled Body within the North East Scotland Pension Fund (NESPF), as they sought to consolidate their assets and liabilities within a single Local Government Pension Scheme (LGPS) Fund.

The report recommended:-

that the Committee –

- (a) note that NESPF officers, utilising delegated powers, have tendered for the provision of consolidated Administration and Associated Services for the Scottish Fire and Rescue Service;
- (b) note that, should the tender prove successful, NESPF officers will have full access to consolidated financial data, which will enable them to assess any potential financial risks and that where these potential financial risks are acceptable to the Chief Officer – Finance, the NESPF wishes to proceed with the provision of the consolidated Administration and Associated Service for the Scottish Fire And Rescue Service; and
- (c) delegate authority to the Chief Officer – Finance, following consultation with the Convenor of the Pensions Committee, to approve the provision of the consolidated Administration and Associated Service.

The Committee resolved:-

to approve the recommendations.

**ASSET AND INVESTMENT MANAGER PERFORMANCE REPORT -
PC/SEPT23/AIMPR**

11. The Committee had before it a report by the Director of Resources which provided a review of the investment activity of both the North East Scotland Pension Fund and the merged former Aberdeen City Council Transport Fund (which was still held separately at an asset level) for the three month period ending 30 June 2023.

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

The report recommended:-

that the Committee note the contents of the report for assurance.

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The Committee resolved:-

- (i) in relation to page 262 of the report, to note that officers would provide detail outwith the meeting in relation to any exposure that might exist to individual equities; and
- (ii) to note the report.

INVESTMENT STRATEGY UPDATE - PC/SEPT23/INVSTRAT

12. The Committee had before it a report by the Director of Resources which provided an update in connection with the ongoing Under Armour Class Action relating to the North East Scotland Pension Fund (NESPF).

The report recommended:-

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

The Committee resolved:-

to note the report.

- **COUNCILLOR NEIL MACGREGOR, CONVENER**