

PENSIONS COMMITTEE AND PENSION BOARD

ABERDEEN, 22 March 2024. Minute of Meeting of the PENSIONS COMMITTEE AND PENSION BOARD. Present:- Councillor Cooke, Convener; Councillor MacGregor, Vice-Convener; and Councillors Davidson, Henrickson, Massey and van Sweeden (Pensions Committee); and Councillor Smith, Vice Chairperson; Councillors Gordon and Mennie; Mr K Luke (as substitute for Mrs M Lawrence), 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; Jamie Dale, Chief Internal Auditor, Internal Audit; and Anne MacDonald, Senior Audit Manager, 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 – Items 11.1 (Procurement), 11.2 (Investment Strategy) and 11.3 (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 items so as to avoid disclosure of exempt information of the classes described in paragraphs 6 and 8.

DECLARATIONS OF INTEREST AND TRANSPARENCY STATEMENTS

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

MINUTE OF PREVIOUS MEETING

3. The Committee had before it the minute of its previous meeting of 15 December 2023 for approval.

The Committee resolved:-

to approve the minute as a correct record.

PENSIONS COMMITTEE AND PENSION BOARD
22 March 2024

BUSINESS PLANNER

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

The Committee resolved:-

- (i) to note that item 12 (Budget/Forecast and Projected Spend 23/24 Report) was currently under review and a revised report was expected to be taken to the June 2024 meeting; and
- (ii) to otherwise note the planner.

INTERNAL AUDIT PLAN 2024-27 - IA/24/004

5. The Committee had before it a report by the Chief Internal Auditor which sought approval for the Internal Audit plan for 2024-27. Mr Dale, Chief Internal Auditor, introduced the report.

The report recommended:-

that the Committee approve the attached Internal Audit Plan for 2024-27.

The Committee resolved:-

to approve the recommendation.

INTERNAL AUDIT UPDATE REPORT - IA/24/005

6. The Committee had before it a report by the Chief Internal Auditor which provided an update on Internal Audit's work since the last report to Committee. The report included details of progress against the approved Internal Audit plans; any follow up on audit recommendations; and other relevant matters for the Committee. Mr Dale spoke to the report and noted that as at 31 December 2023, there were no actions outstanding.

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.

The Committee resolved:-

to approve the recommendations.

PENSIONS COMMITTEE AND PENSION BOARD
22 March 2024

INTERNAL AUDIT REPORT AC2410 - PENSIONS INVESTMENT STRATEGY - IA/AC2410

7. The Committee had before it a report by the Chief Internal Auditor which presented the planned Internal Audit report on the Pensions Investment Strategy. Mr Dale introduced the report.

Members asked a number of questions in relation to the balance of asset allocations and the investment strategy, as well as the session on environmental, social and corporate governance (ESG) which had been held previously.

The report recommended:-

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

The Committee resolved:-

- (i) to note that officers would arrange further training in relation to ESG, following the constructive session held previously with the Committee and Board; and
- (ii) to otherwise note the report.

EXTERNAL AUDIT ANNUAL PLAN 2024/25

8. The Committee had before it a report by the External Auditor on the NESPF Annual Audit Plan for 2023/24. Members heard from Ms MacDonald, Senior Audit Manager, on the detail of the report.

The report summarised the work plan for the 2023/24 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, and the provision of an independent auditor's report
- 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.

The Committee resolved:-

to note the report.

PENSIONS COMMITTEE AND PENSION BOARD
22 March 2024

REVIEW OF NESPF COMPLIANCE WITH THE PUBLIC SERVICE PENSIONS ACT 2013 (PSPA 2013) AND PENSION REGULATOR REQUIREMENTS - PC/MAR24/GOV

9. The Committee had before it a report by the Chief Officer – Finance which provided Members with 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 2023/24.

The report recommended:-

that the Committee note the assurance provided in the main report.

The Committee resolved:-

to approve the recommendation.

STRATEGY - PC/MAR24/STRAT

10. The Committee had before it a report by the Chief Officer – Finance which provided various updates and recommendations (if applicable) to changes to the North East Scotland Pension Fund.

The report provided an update on the two Modern Apprentices who had started with the Fund in May 2023; the increase in Local Government Pension Scheme (LGPS) pensions and CARE pots from April 2024; staff training; the Pension Regulator's new general code; the tracing exercise undertaken in relation to 2027 "gone away" members where the Fund did not hold up to date addresses; and amendments to the Local Government Pension Scheme (Scotland) Regulations 2018. The report noted that there had been no cases relating to Fraud, Whistleblowing and Breaches of the Bribery Act this year.

The report advised that the following documents had also been updated:-

- Local Contingency Plan (minor corrections for clarity, removal of data centre naming)
- Cyber Security Policy (minor corrections for clarity, removal of names of some 3rd party external providers due to contractual changes)
- Governance Policy (minor corrections for clarity, number of Committee members reduced from 13 to 9 following recent Council decision)
- Breaches of Law Policy (updated to remove reference to Transport Fund).

Appended to the report were updated copies of the risk register and the Pensions Administration Strategy.

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

PENSIONS COMMITTEE AND PENSION BOARD
22 March 2024

The report recommended:-

that the Committee –

- (a) note the updates to the Fund Policy documents in item 6.5 of the main report; and
- (b) note the remainder of the report for reassurance.

The Committee resolved:-

- (i) to congratulate Noah Cuthbert and Kornelia Malinowska, the Modern Apprentices who had now secured employment with the Fund; and
- (ii) to approve the recommendations.

STATEMENT OF ACCOUNTS 2023/24 - ACTION PLAN - PC/MAR24/ACCOUNTS

11. The Committee had before it a report by the Chief Officer – Finance which provided high level information and key dates in relation to the 2023/24 Statement of Accounts, including linkages to the plans and timetables of the Council's External Auditors.

The report recommended:-

that the Committee note the main 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/MAR24/PRO

12. The Committee had before it a report by the Chief Officer – Finance which sought approval to enter into contractual arrangements for the provision of soft facilities management services for the North East Scotland Pension Fund office at 2 Marischal Square, following the end of the term of the existing contract which had been in place since the Pension Fund moved into the building in 2021.

The report recommended:-

that the Committee –

- (a) approve the tender process to appoint a supplier to provide facilities management services for the NESPF office, located at 2 Marischal Square, for a period of three years (with the option to extend for a further 1 year term) with effect from 1st August 2024; and
- (b) approve the estimated expenditure associated with granting such approval, as set out in the recommendations section of the main report.

PENSIONS COMMITTEE AND PENSION BOARD
22 March 2024

The Committee resolved:-

to approve the recommendations.

INVESTMENT STRATEGY - PC/MAR24/INVSTRAT

13. The Committee had before it a report by the Chief Officer – Finance which provided an update on the re-balancing activity relating to the North East Scotland Pension Fund (NESPF) for the three month period ending 31 March 2024; and an update on the Principles of Responsible Investment (PRI) results.

The report recommended:-

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

The Committee resolved:-

to note the report.

**ASSET INVESTMENT AND PERFORMANCE MANAGEMENT REPORT -
PC/MAR24/AIMPR**

14. 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 31 December 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.

The Committee resolved:-

to note the report.

- **COUNCILLOR JOHN COOKE, Convener**