

PENSIONS COMMITTEE AND PENSION BOARD

ABERDEEN, 21 June 2024. Minute of Meeting of the PENSIONS COMMITTEE AND PENSION BOARD. Present:- Councillor Cooke, Convener; Councillor MacGregor, Vice-Convener; and Councillors Alphonse, Davidson, Henrickson, Massey and van Sweeden (Pensions Committee); and Mrs M Lawrence, Chairperson; Councillor Smith, Vice Chairperson; Councillors Gordon and Mennie; Mr A Walker and Mr G Walters (Pension Board).

Also in attendance:- Jonathan Belford, Chief Officer – Finance; Laura Colliss, Pension Fund Manager; Graham Buntain, Investment Manager; and Jamie Dale, Chief Internal Auditor.

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 (Asset and Investment Manager Performance Report) and 11.3 (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 the above-mentioned items so as to avoid disclosure of exempt information of the classes 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 22 MARCH 2024

3. The Committee had before it the minute of its previous meeting of 22 March 2024 for approval.

The Committee resolved:-

to approve the minute as a correct record.

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COMMITTEE BUSINESS PLANNER

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

The Committee resolved:-

to note the planner.

INTERNAL AUDIT ANNUAL REPORT 2023/24 - IA/24/008

5. The Committee had before it a report by the Chief Internal Auditor which presented the Internal Audit Annual Report for the North East Scotland Pension Fund for 2023/24.

The report recommended:-

that the Committee –

- (a) note the Annual Report for 2023/24;
- (b) note that the Chief Internal Auditor had confirmed the organisational independence of Internal Audit;
- (c) note that there had been no limitation to the scope of Internal Audit work during 2023/24; and
- (d) note the progress that management had made with implementing recommendations agreed in Internal Audit reports.

The Committee resolved:-

to approve the recommendations.

UNAUDITED ANNUAL REPORT AND ACCOUNTS - PC/JUN24/ARA

6. The Committee had before it a report by the Chief Officer – Finance which presented the unaudited Annual Report and Accounts for the North East Scotland Pension Fund.

The Committee heard from Mr Belford in respect of the report and asked a number of questions.

The report recommended:-

that the Committee review and consider the unaudited Annual Report and Accounts for the North East Scotland Pension Fund.

The Committee resolved:-

- (i) to note that officers would bring further detail to Committee in respect of management expenses and unit costs per member (page 54 of the report refers); and

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(ii) to approve the recommendation.

BUDGET FORECAST 2024/2025 - PC/JUN24/BUD24-25

7. The Committee had before it a report by the Chief Officer – Finance which provided details of the Management Expenses Budget/Forecast 2024/25 for the North East Scotland Pension Fund (NESPF).

The report recommended:-

that the Committee approve the NESPF Management Expenses Budget/Forecast 2024/25, as shown in the main report.

The Committee resolved:-

to approve the recommendation.

INVESTMENT STRATEGY REVIEW 2024 - PC/JUN24/REVIEW

8. The Committee had before it a report by the Chief Officer – Finance which detailed the outcome of the investment strategy review which had been prepared by officers following the outcome of the 2023 Actuarial Valuation. The report set out the details of the Fund's current investment strategy and made a number of recommendations on taking the strategy forward.

The report recommended:-

that the Committee approve the proposed investment strategy as set out in the main report.

The Committee resolved:-

to approve the recommendation.

STRATEGY - PC/JUN24/STRAT

9. 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 2020 HM Treasury Cost Control Mechanism Results; breaches of law, noting that there had been no reports to the Pensions Regulator or Information Commissioner during the reporting period; the Operating Model Review which would look at the current structure and provision of critical services, with the aim to ultimately deliver financial and service efficiencies; and the 2023 Actuarial Valuation.

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

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- NESPF Cyber Incident Response Plan (**NEW**)
- Record Keeping Policy (removed references to the Transport Fund and replaced Code of Practice 14 with General Code following implementation)
- Training Policy (minor amendments for improved clarity, added CIPFA Framework for Board members)
- Pension Board Appointment Process (update from CoP14 to General Code)
- Statement of Investment Principles (addition of Exclusion Policy and enhanced Climate Statement, also added details on biodiversity and provided examples)
- Investment Policy (minor amendments to reference ESG, responsible investment, risk classes)
- Corporate Governance and SRI Policy (minor amendments in reference to ESG and responsible investment to provide further clarity on approach)

Appended to the report were updated copies of the risk register; the Pensions Administration Strategy; the Actuarial Valuation and the NESPF Funding Strategy Statement.

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

The report recommended:-

that the Committee –

- (a) approve the updates to the Fund policy documents as set out in 6.2 of the main report; and
- (b) note the remainder of the report for reassurance.

The Committee resolved:-

to approve the recommendations.

LAPFF NOMINATION - PC/JUN24/LAPFF

10. The Committee had before it a report by the Chief Officer – Finance which sought approval for nomination of an Elected Member or Fund Officer representative to the Local Authority Pension Fund Forum (LAPFF) on behalf of the North East Scotland Pension Fund.

The report recommended:-

that the Committee –

- (a) agree whether to nominate a Member of the Committee or a Fund Officer to the LAPFF Executive;
- (b) that if a nomination is to be made, consider those nominated and agree a nominee; and
- (c) if the nominee is accepted by LAPFF, approve the detailed travel costs associated with the membership of the Executive.

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The Committee resolved:-

- (i) to delegate authority to the Chief Officer – Finance, in consultation with the Pension Fund Manager and Investment Manager to nominate an appropriate officer as the Pension Committee nomination to the LAPFF Executive;
- (ii) in the event that the nomination to the LAPFF Executive was successful, to approve the detailed travel costs associated with the membership of the Executive; and
- (iii) to note that officers could bring reports to Committee in future to advise of any updates from meetings of the LAPFF Executive.

TRAINING - PC/JUN24/TRA

11. The Committee had before it a report by the Chief Officer – Finance which provided details of the training plan (2024/25) for the Pensions Committee and Pension Board of the North East Scotland Pension Fund.

The report recommended:-

that the Committee –

- (a) approve the travel of members to attend external training opportunities, as set out in the main report;
- (b) approve the revised Training Policy (as per Appendix 1); and
- (c) note the requirement for Members to have completed the Pensions Regulator online training and the Hymans online training in line with the Training Policy.

The Committee resolved:-

- (i) to note that Members should advise the NESPF team of their attendance at any training opportunities so that this could be recorded;
- (ii) in relation to the CIPFA Knowledge and Skills Framework, to note that officers would use this to create a survey for Members to allow them to test their existing knowledge; and
- (iii) to approve the recommendations.

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

PROCUREMENT - PC/JUN24/PRO

12. The Committee had before it a report by the Chief Officer – Finance which provided an update on Pensions Dashboards and sought approval to enter into contractual arrangements with Heywood, the existing benefit administration software provider, to provide an (Integrated Service Provider) ISP solution to meet the Fund's regulatory requirements under the Pensions Dashboards Regulations 2022 (as amended).

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The report recommended:-

that the Committee –

- (a) approve a direct award to Heywood to provide an ISP Solution to the NESPF, utilising the Norfolk Local Government Pension Scheme (LGPS) Framework, to comply with regulatory requirements for Pensions Dashboards; and
- (b) approve the estimated expenditure associated with granting such approval as set out in the recommendations section of the main report.

The Committee resolved:-

to approve the recommendations.

ASSET AND INVESTMENT MANAGER PERFORMANCE REPORT - PC/JUN24/AIMPR

13. The Committee had before it a report by the Chief Officer – Finance which set out the investment activity of the North East Scotland Pension Fund for the three month period ending 31 March 2024.

The report recommended:-

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

The Committee resolved:-

to note the report.

INVESTMENT STRATEGY UPDATE - PC/JUN24/INVSTRAT

14. The Committee had before it a report by the Chief Officer – Finance which provided an update on the Under Armour class action.

The report recommended:-

that the Committee –

- (a) approve the travel for an additional appropriate Officer to attend the following (as per item 1.2 of the main report):
 - Robbins Gellar, July – Baltimore, US; and
- (b) note the remainder of the report for assurance.

The Committee resolved:-

to approve the recommendations.

- **COUNCILLOR JOHN COOKE, Convener**