

PENSIONS COMMITTEE AND PENSION BOARD

ABERDEEN, 13 September 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); Councillor Smith, Chairperson; Councillor Gordon; Mrs M Lawrence, Mr N Stirling and Mr A Walker (Pension Board).

Also in attendance:- Jonathan Belford, Chief Officer – Finance; Laura Colliss, Pension Fund Manager; Graham Buntain, Investment Manager; and Anne MacDonald, Senior Audit Manager.

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.

ANNOUNCEMENTS

1. The Convener welcomed everyone to the meeting and advised the Committee of several announcements.

Michael Scroggie had worked for Aberdeen City Council for 38 years across various services and joined the Pension Fund in 2009. The Convener advised that Mr Scroggie would be retiring on 30 September 2024.

The Convener further advised that the Fund had been shortlisted for two awards at the Local Authority Pension Fund Investment Awards to be held on 3 October 2024, namely Fund of the Year (Over £2.5bn) and Pension Administration.

Finally, the Convener noted that two Senior Pension Officers had been individually shortlisted at the Local Government Chronicle (LGC) Investment Awards to be held on 29 November 2024, namely Louise Campbell for Outstanding Individual Contribution – Local Government Pension Scheme (LGPS) and Ellen Edwards for Rising Star – LGPS.

The Committee resolved:-

to congratulate the staff involved in the various award nominations and to thank Mr Scroggie for all his work over the years and wish him a long and happy retirement.

DETERMINATION OF EXEMPT BUSINESS

2. 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 (Asset and Investment

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Manager Performance Report), 11.2 (Investment Strategy Update) and 11.3 (Procurement)

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.

MINUTE OF PREVIOUS MEETING

3. The Committee had before it the minute of its previous meeting of 21 June 2024 for approval.

The Committee resolved:-

to approve the minute as a correct record.

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.

NESPF ANNUAL AUDIT REPORT AND COVERING LETTER

5. The Committee had before it a report by the External Auditor on the 2023/2024 Annual Audit of the North East Scotland Pension Fund. The report summarised the findings from the 2023/24 annual audit of the North East Scotland Pension Fund (the Fund). The scope of the audit was set out in an Annual Audit Plan which was considered by the Pensions Committee in March 2024. The Annual Audit Report comprised:

- significant matters arising from the audit of the fund's annual report and accounts
- conclusions on the following wider scope areas that frame public audit as set out in the Code of Audit Practice 2021:
 - financial management
 - financial sustainability
 - vision, leadership, governance and use of resources to improve outcomes
- conclusions on the administering authority's arrangements related to the pension fund for meeting its Best Value duties.

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The audit concluded that the fund had appropriate financial management arrangements in place which included comprehensive reporting of investment performance and appropriate medium term financial planning. Appropriate financial internal controls were in place including satisfactory counter fraud arrangements. The 2023 triennial valuation was concluded in line with plans. Effective medium term financial planning arrangements were in place. Fund membership levels continued to increase but the ratio of active members to pensioners was reducing resulting in changes in investment strategy.

In terms of governance and resources, External Audit had concluded that instability and vacancies in membership threatened the effective operation of the Pensions Committee, and Members' commitment to pensions training needed to be improved to support good scrutiny.

The report found that there were effective arrangements for complying with the Pensions Regulator Public Service Code. The pension administration function had performed well against targets. The impact of global markets' performance had impacted annual returns but investment performance continued to outperform longer-term benchmarks. The administering authority had appropriate arrangements in place for securing Best Value.

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

Members asked a number of questions of Ms MacDonald and officers. The Convener reminded Members of the importance of undertaking the required training, as highlighted in the report.

The Committee resolved:-

- (i) in respect of the vacancies on the Pensions Committee, to note that the External Auditor would share the report and its findings with Aberdeen City Group Leaders;
- (ii) to note that the Chief Officer – Finance had undertaken that officers would provide information to Members outwith the meeting on the percentage of Aberdeen City, Aberdeenshire and Moray staff not enrolled in the NESPF;
- (iii) to note that Ms Colliss and Mr Buntain were in discussion about making more of the environmental, social and governance information available to the public; and
- (iv) to otherwise note the report.

**CONSIDERATION AND SIGNING OF AUDITED ANNUAL REPORT AND ACCOUNTS
- PC/SEPT24/ARA**

6. The Committee had before it a report by the Chief Officer – Finance which presented the Audited Annual Report and Accounts for the North East Scotland Pension Fund (NESPF) for consideration and signing.

Members heard from Mr Belford in respect of the report, who also noted his thanks to the team, particularly Mr Scroggie, for their work in preparing the accounts.

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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 the Chief Officer – Finance had advised that information could be included in future budget monitoring reports in relation to the medium to long term vision, for example in relation to climate work;
- (ii) to note that Ms Colliss had advised that officers could provide information on administrative costs per member, benchmarked against other Pension Funds;
- (iii) in relation to the queries on the Local Authority Pension Fund Forum (LAPFF) engagement with Governments on climate and the more detailed points raised around engagement with Drax, to note that Mr Buntain would look into this further in respect of an analysis of the company/shareholder structure and any 'notable oppose' votes and revert to Councillor van Sweeden outwith the meeting; and
- (iv) to approve the recommendations.

STRATEGY - PC/SEPT24/STRAT

7. 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 Pension Fund Annual Benefit Statements; the National LGPS Framework for Additional Voluntary Contribution (AVC) services; the Pension Administration Strategy (PAS); the newly appointed Chair and Vice Chair of the Pension Board; the withdrawal from the Fund of the Scottish Fire and Rescue Service; two employer exits from the Fund; and further information on Pension dashboards.

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

- Governance Compliance Statement (update to Pensions Committee number from 13 to 9, minor amendments to reflect changes to operations e.g. employer bulletin, admin forum frequency etc.)
- Employer Engagement (minor grammatical amendments, update admin forum frequency to bi-ennial)
- Conflicts of Interest (amended references from Code of Practice 14 to General Code and other minor grammatical corrections)
- Appointment and Management of Advisers and Service Providers (**NEW**, collates and formalises procurement process from initial considerations, appointment and subsequent contract management to meet tPR General Code requirements – see Appendix III of the report)

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Appended to the report were updated copies of the risk register; the Pensions Administration report; the policy document and the Pension Board Annual 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.

In accordance with the decision taken under article 2 above, the following items were considered with the press and public excluded.

ASSET AND INVESTMENT MANAGER PERFORMANCE REPORT - PC/SEPT24/AIMPR

8. 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 30 June 2024.

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

The report recommended:-

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

The Committee resolved:-

- (i) to note that Mr Buntain had advised that officers could organise a training session in relation to the carbon statements from organisations and carbon metrics included in the report; and
- (ii) to otherwise note the report.

INVESTMENT STRATEGY - PC/SEPT24/INVSTRAT

9. The Committee had before it a report by the Chief Officer – Finance which provided an update on the Under Armour class action and an update on various re-balancing changes.

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

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The report recommended:-

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

The Committee resolved:-

- (i) to note the query around index-linked bonds both pre and post the negative impact on the bonds market around 2022/2023, and that Mr Buntain could provide examples of statistics prior to the crash; and
- (ii) to otherwise note the report.

PROCUREMENT - PC/SEPT24/PRO

10. The Committee had before it a report by the Chief Officer – Finance which sought approval to use the National Local Government Pension Scheme (LGPS) Framework for a procurement exercise.

The report recommended:-

that the Committee –

- (a) approve the award of a call-off contract under the National LGPS Framework as set up by Norfolk County Council to procure; and
- (b) approve the estimate expenditure associated with award of the contract as set out in items 4.1 and 4.2 of the report.

The Committee resolved:-

to approve the recommendations.

- **COUNCILLOR JOHN COOKE, Convener**