

# Public Document Pack



To: Councillor Cooke, Convener; Councillor MacGregor, Vice-Convener; and Councillors Alphonse, Davidson, Henrickson, Massey and van Sweeden (Pensions Committee); and Councillor Smith, Chairperson; Mr G Walters, Vice-Chairperson; Councillors Gordon and Mennie; and Mrs M Lawrence, Mr N Stirling, Mr S Thompson and Mr A Walker (Pension Board).

Town House,  
ABERDEEN, 5 December 2024

## **PENSIONS COMMITTEE AND PENSION BOARD**

The Members of the **PENSIONS COMMITTEE AND PENSION BOARD** are requested to meet in **Committee Room 2 - Town House on FRIDAY, 13 DECEMBER 2024 at 10.00am**. This is a hybrid meeting and Members may also attend remotely.

The meeting will be webcast and a live stream can be viewed on the Council's website. <https://aberdeen.public-i.tv/core/portal/home>

ALAN THOMSON  
INTERIM CHIEF OFFICER - GOVERNANCE

## **B U S I N E S S**

### **NOTIFICATION OF URGENT BUSINESS**

1.1. There are no items of urgent business at this time

### **DETERMINATION OF EXEMPT BUSINESS**

2.1. Members are requested to determine that any exempt business be considered with the press and public excluded

### **DECLARATIONS OF INTEREST AND TRANSPARENCY STATEMENTS**

3.1. Members are requested to intimate any declarations of interest

## **DEPUTATIONS**

- 4.1. There are no deputations at this time

## **MINUTES OF PREVIOUS MEETINGS**

- 5.1. Minute of Previous Meeting of 13 September 2024 - for approval (Pages 3 - 8)

## **COMMITTEE BUSINESS PLANNER**

- 6.1. Business Planner (Pages 9 - 12)

## **NOTICES OF MOTION**

- 7.1. There are currently no motions to the Pensions Committee

## **PERFORMANCE AND RISK**

- 8.1. Pensions Committee Annual Effectiveness Report - CORS/24/348 (Pages 13 - 30)

## **SCRUTINY**

- 9.1. Strategy - PC/DEC24/STRAT (Pages 31 - 70)

## **EXEMPT BUSINESS - NOT FOR PUBLICATION**

- 10.1. Asset and Investment Manager Performance Report - PC/DEC24/AIMPR  
(Pages 71 - 136)

- 10.2. Procurement - PC/DEC24/PRO (Pages 137 - 144)

Integrated Impact Assessments related to reports on this agenda can be viewed [here](#)

To access the Service Updates for this Committee please click [here](#)

Website Address: [aberdeencity.gov.uk](http://aberdeencity.gov.uk)

Should you require any further information about this agenda, please contact Stephanie Dunsmuir, email [sdunsmuir@aberdeencity.gov.uk](mailto:sdunsmuir@aberdeencity.gov.uk)

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## 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

PENSIONS COMMITTEE AND PENSION BOARD  
13 September 2024

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.

PENSIONS COMMITTEE AND PENSION BOARD  
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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)



PENSIONS COMMITTEE AND PENSION BOARD  
13 September 2024

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**

|    | A  | B   | C             | D                    | E                    | F                  | G                         | H  | I   |
|----|--|---|---------------|----------------------|----------------------|--------------------|---------------------------|--|---|
| 1  | <b>PENSIONS COMMITTEE BUSINESS PLANNER</b><br>The Business Planner details the reports which have been instructed by the Committee as well as reports which the Functions expect to be submitting for the calendar year. |   |               |                      |                      |                    |                           |  |   |
| 2  | <b>Report Title</b>  | <b>Minute Reference/Committee Decision or Purpose of Report</b>   | <b>Update</b> | <b>Report Author</b> | <b>Chief Officer</b> | <b>Directorate</b> | <b>Terms of Reference</b> | <b>Delayed or Recommended for removal or transfer, enter either D, R, or T</b> | <b>Explanation if delayed, removed or transferred</b> |
| 3  | <b>13 December 2024</b>  |   |               |                      |                      |                    |                           |  |   |
| 4  | Strategy   | Regular update on any changes to the North East Scotland Pension Fund and the Aberdeen City Council Transport Fund strategies   |               | Mairi Suttie         | Finance              | Corporate Services | 1.2, 1.4, 3-5             |  |   |
| 5  | Annual Effectiveness Report - Pensions Committee   | To present the annual effectiveness report  |               | Steph Dunsmuir       | Governance           | Corporate Services | GD 8.5                    |  |   |
| 6  | Asset and Investment Manager Performance Report  | To provide a review of the North East Scotland Pension Fund for the latest three month period   |               | Graham Buntain       | Finance              | Corporate Services | 5.2                       |  |   |
| 7  | Procurement  | To request approval to use the National Local Government Pension Scheme (LGPS) Framework  |               | Laura Colliss        | Finance              | Corporate Services | 1.2 and 4.1               |  |   |
| 8  | Budget Forecast & Projected Spend  | Update on budget and annual spend to date   |               | Laura Colliss        | Finance              | Corporate Services | 1.3                       | R  | There is no requirement for a report this cycle       |
| 9  | <b>21 March 2025</b>   |   |               |                      |                      |                    |                           |  |   |
| 10 | Statement of Accounts Action Plan  | To provide Elected Members with high level information and key dates to the Statement of Accounts including linkages to the plans and timetables of the Council's External Auditors |               | Laura Colliss        | Finance              | Corporate Services | 3.1                       |  |   |
| 11 | Strategy   | Regular update on any changes to the North East Scotland Pension Fund and the Aberdeen City Council Transport Fund strategies   |               | Mairi Suttie         | Finance              | Corporate Services | 1.2, 1.4, 3-5             |  |   |
| 12 | Asset and Investment Manager Performance Report  | To provide a review of the North East Scotland Pension Fund for the latest three month period   |               | Graham Buntain       | Finance              | Corporate Services | 5.2                       |  |   |
| 13 | Budget Forecast & Projected Spend  | Update on budget and annual spend to date   |               | Laura Colliss        | Finance              | Corporate Services | 1.3                       |  |   |
| 14 | Pension Fund Payroll   | To present the outcome of the audit   |               | Jamie Dale           | Internal Audit       | Internal Audit     | 2.2                       |  |   |
| 15 | Review of NESPF Compliance with the Public Service Pensions Act 2013 and Pension Regulator Requirements  | To provide a review of compliance for 2023/24   |               | Mairi Suttie         | Finance              | Corporate Services | 4.1 and 4.2               |  |   |
| 16 | Internal Audit Plan 2025-2028  | To present the plan   |               | Jamie Dale           | Internal Audit       | Internal Audit     | 2.1                       |  |   |

|    | A  | B   | C      | D                | E              | F                  | G                  | H   | I  |
|----|--|---|--------|------------------|----------------|--------------------|--------------------|---|--|
|    | Report Title                                     | Minute Reference/Committee Decision or Purpose of Report  | Update | Report Author    | Chief Officer  | Directorate        | Terms of Reference | Delayed or Recommended for removal or transfer, enter either D, R, or T | Explanation if delayed, removed or transferred |
| 2  | External Audit Annual Plan 2024/25               | To present the annual plan  |        | Anne MacDonald   | External Audit | External Audit     | 2.1                |   |  |
| 17 |  |   |        |                  |                |                    |                    |   |  |
| 18 | <b>20 June 2025</b>                              |   |        |                  |                |                    |                    |   |  |
| 19 | Nominations to LAPFF Executive Committee         | To determine any nominations  |        | Laura Colliss    | Finance        | Corporate Services | 6.1                |   |  |
| 20 | Strategy   | Regular update on any changes to the North East Scotland Pension Fund and the Aberdeen City Council Transport Fund strategies |        | Mairi Suttie     | Finance        | Corporate Services | 1.2, 1.4, 3-5      |   |  |
| 21 | Asset and Investment Manager Performance Report  | To provide a review of the North East Scotland Pension Fund for the latest three month period                                 |        | Graham Buntain   | Finance        | Corporate Services | 5.2                |   |  |
| 22 | Training   | To provide details of the training plan (2025/26)   |        | Laura Colliss    | Finance        | Corporate Services | 4.1 and 4.2        |   |  |
| 23 | Draft NESPF Annual Report & Accounts             | To present the draft annual accounts  |        | Laura Colliss    | Finance        | Corporate Services | 3.1                |   |  |
| 24 | Budget Forecast & Projected Spend                | Update on budget and annual spend to date   |        | Laura Colliss    | Finance        | Corporate Services | 1.3                |   |  |
| 25 | Internal Audit Annual Report 2024/25             | To provide the Committee with Internal Audit's Annual Report for the North East Scotland Pension Fund for 2024/25             |        | Jamie Dale       | Internal Audit | Internal Audit     | 2.2                |   |  |
| 26 | <b>12 September 2025</b>                         |   |        |                  |                |                    |                    |   |  |
| 27 | NESPF Annual Report & Accounts                   | To present the audited annual accounts  |        | Laura Colliss    | Finance        | Corporate Services | 3.1                |   |  |
| 28 | NESPF Annual Audit Report and Covering Letter    | To present the External Audit annual audit report   |        | Anne MacDonald   | External Audit | External Audit     | 2.1                |   |  |
| 29 | Strategy   | Regular update on any changes to the North East Scotland Pension Fund and the Aberdeen City Council Transport Fund strategies |        | Mairi Suttie     | Finance        | Corporate Services | 1.2, 1.4, 3-5      |   |  |
| 30 | Asset and Investment Manager Performance Report  | To provide a review of the North East Scotland Pension Fund for the latest three month period                                 |        | Graham Buntain   | Finance        | Corporate Services | 5.2                |   |  |
| 31 | Budget Forecast & Projected Spend                | Update on budget and annual spend to date   |        | Laura Colliss    | Finance        | Corporate Services | 1.3                |   |  |
| 32 | <b>12 December 2025</b>                          |   |        |                  |                |                    |                    |   |  |
| 33 | Strategy   | Regular update on any changes to the North East Scotland Pension Fund and the Aberdeen City Council Transport Fund strategies |        | Mairi Suttie     | Finance        | Corporate Services | 1.2, 1.4, 3-5      |   |  |
| 34 | Annual Effectiveness Report - Pensions Committee | To present the annual effectiveness report  |        | Jonathan Belford | Finance        | Corporate Services | GD 8.5             |   |  |
| 35 | Asset and Investment Manager Performance Report  | To provide a review of the North East Scotland Pension Fund for the latest three month period                                 |        | Graham Buntain   | Finance        | Corporate Services | 5.2                |   |  |

|    | A                                 | B  | C      | D             | E             | F                  | G                  | H   | I  |
|----|-----------------------------------|--|--------|---------------|---------------|--------------------|--------------------|---|--|
|    | Report Title                      | Minute Reference/Committee Decision or Purpose of Report | Update | Report Author | Chief Officer | Directorate        | Terms of Reference | Delayed or Recommended for removal or transfer, enter either D, R, or T | Explanation if delayed, removed or transferred |
| 2  |                                   |  |        |               |               |                    |                    |   |  |
| 36 | Budget Forecast & Projected Spend | Update on budget and annual spend to date                |        | Laura Colliss | Finance       | Corporate Services | 1.3                |   |  |

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## ABERDEEN CITY COUNCIL

|                           |                                       |
|---------------------------|---------------------------------------|
| <b>COMMITTEE</b>          | Pensions Committee                    |
| <b>DATE</b>               | 13 December 2024                      |
| <b>EXEMPT</b>             | No                                    |
| <b>CONFIDENTIAL</b>       | No                                    |
| <b>REPORT TITLE</b>       | Committee Annual Effectiveness Report |
| <b>REPORT NUMBER</b>      | CORS/24/348                           |
| <b>EXECUTIVE DIRECTOR</b> | Andy MacDonald                        |
| <b>CHIEF OFFICER</b>      | Alan Thomson                          |
| <b>REPORT AUTHOR</b>      | Steph Dunsmuir                        |
| <b>TERMS OF REFERENCE</b> | GD 8.5                                |

### 1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to present the annual report of the Pensions Committee to enable Members to provide comment on the data contained within.

### 2. RECOMMENDATIONS

That Committee:-

- 2.1 provide comments and observations on the data contained within the annual report; and note the annual report of the Pensions Committee.

### 3. CURRENT SITUATION

#### **Annual Reports on Committee Terms of Reference**

- 3.1 The annual committee effectiveness reports were introduced in 2018/19 following a recommendation from the Chartered Institute of Public Finance and Accountancy (CIPFA) as part of the Council's work towards securing that organisation's accreditation in governance excellence. The Terms of Reference set out that each Committee will review its own effectiveness against its Terms of Reference through the mechanism of the annual report.
- 3.2 The annual effectiveness reports were mentioned by CIPFA in their report which awarded the Mark of Excellence in Governance accreditation to Aberdeen City Council. CIPFA highlighted the implementation of the annual effectiveness reports as a matter of good practice in governance and were encouraged that, during consideration of the reports at Committee and Council, Members had made suggestions for improvements to the reports in future years.
- 3.3 Data from the annual effectiveness reports is used to inform the review of the Scheme of Governance, ensuring that Committee Terms of Reference are correctly aligned, and identifying any areas of the Terms of Reference which had not been used throughout the year in order that they can be reviewed and

revised if necessary. The information from the effectiveness reports has also been used in the past to feed into the Annual Governance Statement.

3.4 The reports provide a mechanism for each committee to annually review its effectiveness, including data on attendance, any late reports, referrals to Council and the number of times officer recommendations were amended, and to ensure that it is following its Terms of Reference.

3.5 Similarly, recording the sections or stretch outcomes of the Local Outcome Improvement Plan (LOIP) which apply to each report allows Members to be aware of the direct impact of any proposals before them on the LOIP, and gives a general overview at the end of each year of the number of reports which have had an impact on the LOIP stretch outcomes.

3.6 Any comments from Members on areas of data that should be considered would be welcomed to ensure that Members are presented with meaningful data.

3.7 The annual report for 2023/2024 is therefore appended for the Committee's consideration. Following consideration by the Committee, the report will be submitted to Full Council for noting.

#### 4. FINANCIAL IMPLICATIONS

4.1 There are no direct financial implications from the recommendations of this report.

#### 5. LEGAL IMPLICATIONS

5.1 There are no direct legal implications arising from the recommendations of this report.

#### 6. ENVIRONMENTAL IMPLICATIONS

6.1 There are no environmental implications arising from the recommendations of this report.

#### 7. RISK

| Category       | Risk  | Low (L)<br>Medium (M)<br>High (H) | Mitigation   | *Does Target Risk Level Match Appetite Set? |
|----------------|---|-----------------------------------|--|---|
| Strategic Risk | N/A   |                                   |  | Yes   |
| Compliance     | Failure to submit this report would mean that the Council would | L                                 | Council is given the opportunity to consider the reports and provide feedback on any | Yes   |



|                              |   |  |  |     |
|------------------------------|---|--|--|-----|
|                              | not be complying with its instruction that all committees and Full Council receive such a report each year. |  | amendments<br>Members would wish to see in the content so that this can be taken on board for next year's Scheme of Governance review. |     |
| <b>Operational</b>           | N/A   |  |  | Yes |
| <b>Financial</b>             | N/A   |  |  | Yes |
| <b>Reputational</b>          | N/A   |  |  | Yes |
| <b>Environment / Climate</b> | N/A   |  |  | Yes |

## 8. OUTCOMES

There are no links to the Council Delivery Plan, however the committee effectiveness annual reports link to the Scheme of Governance, by ensuring that each committee is fulfilling its Terms of Reference.

## 9. IMPACT ASSESSMENTS

| Assessment                               | Outcome  |
|--|--|
| <b>Impact Assessment</b>                 | No assessment required. I confirm this has been discussed and agreed with Vikki Cuthbert, Interim Chief Officer - Governance on 09/10/24 |
| <b>Data Protection Impact Assessment</b> | Not required   |

## 10. BACKGROUND PAPERS

None.

## 11. APPENDICES

- 11.1 Pensions Committee Annual Effectiveness Report 15 October 2023 to 15 October 2024

## 12. REPORT AUTHOR CONTACT DETAILS

Steph Dunsmuir  
Committee Services Officer  
[sdunsmuir@aberdeencity.gov.uk](mailto:sdunsmuir@aberdeencity.gov.uk)

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# Pensions Committee Annual Effectiveness Report 2023/2024

15 October 2023 to 15 October 2024



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## 1. Introduction from Convener

- 1.1 I am pleased to present the fourth annual effectiveness report for the Pensions Committee (for the period 15 October 2023 to 15 October 2024). The annual effectiveness report informs the annual review of the Council's Scheme of Governance and enables officers to identify if any changes are required, for example, to the Committee Terms of Reference (ToR), as well as being a helpful tool for good governance in terms of allowing the Committee to review how well its remit has been discharged throughout the year.
- 1.2 A few minor changes were made to the Pensions Committee Terms of Reference this year, to update them in line with the previous merger of the NESPF and the Transport Fund, and to add an additional ToR to reflect that the Committee and Board this year have received a number of updates in respect of an ongoing litigation matter. Any additional comments made or issues raised throughout the year will be taken into consideration during next year's review.
- 1.3 I would like to thank both my colleagues on the Committee and Board for their contributions throughout the year, and would also like to thank the officers, both at Aberdeen City Council and the NESPF, who provide the Committee with such excellent support, for their continued hard work over the reporting period.



Councillor John Cooke  
Convener – Pensions Committee

## 2. The Role of the Committee

### **PURPOSE OF COMMITTEE**

To discharge all functions and responsibilities in respect of the Council's role as administering authority for the North East Scotland Pension Fund (the Fund). This includes managing the investment of the Fund in accordance with the Local Government Pension Scheme (Management and Investment of Funds) (Scotland) Regulations 2010 and other relevant legislation.

The Committee will work alongside the Fund's Local Pension Board to consider any pension compliance matters raised.

### **REMIT OF COMMITTEE**

#### **1. Finance and Risk Management**

The Committee will:

- 1.1 approve the Funding Strategy Statement, produced in light of the Fund's assets and liabilities, and appoint or remove Fund Managers or new financial vehicles in furtherance of the strategy;
- 1.2 approve the budget and expenditure in connection with the administration of the Fund;
- 1.3 ensure that an effective system of internal financial control is maintained through scrutinising financial information presented to Committee;
- 1.4 ensure effective risk management of the Fund through monitoring of adherence to the Fund Risk Management Policy and regular scrutiny of the Fund risk register; and
- 1.5 determine applications for Admitted Body Status.

#### **2. Internal and External Audit**

The Committee will:

- 2.1 approve the annual audit plans in relation to the Fund; and
- 2.2 consider all reports prepared by the Council's Internal and External Auditors in relation to the Fund.

#### **3. Annual Report and Accounts**

The Committee will:

- 3.1 approve the Annual Report and Accounts, including the Annual Governance Statement.

#### **4. Legal Obligations**

The Committee will ensure:

- 4.1 compliance with the Local Government Pension Scheme (Scotland) Regulations as amended and with all other legislation governing the administration of the Fund; and
- 4.2 adherence to the principles set out in the Pension Regulator's General Code of Practice.

#### **5. Scrutiny**

The Committee will:

- 5.1 monitor and approve the administration of the Local Government Pension Scheme (LGPS) in accordance with the LGPS (Scotland) Regulations 2018 and other relevant legislation;
- 5.2 scrutinise the performance of Fund Managers, including in relation to environmental, social and governance (ESG) and voting matters, through regular performance reports to Committee; and
- 5.3 monitor the progress of any litigation relating to the Fund.

#### **6. Outside Bodies**

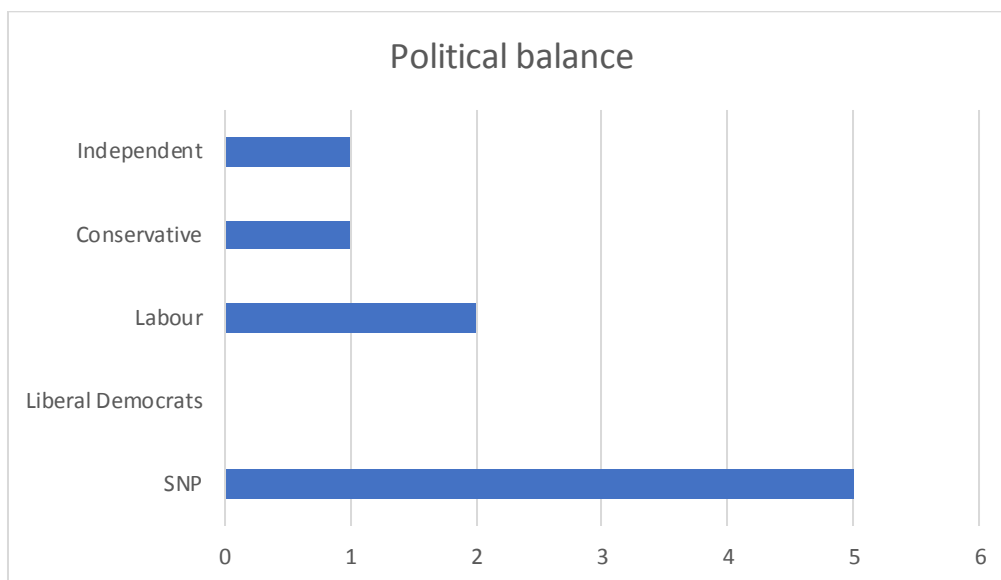
The Committee shall determine appointments and nominations to the Local Authority Pension Fund Forum (LAPFF) and other outside bodies relevant to its remit.

**Executive Lead: Chief Officer – Finance**

### 3. Membership of the Committee during 2023/2024

3.1 Following a decision taken by Council in February 2024, the membership of the Pensions Committee reduced from 13 members to 9. There were therefore a number of changes to the Committee membership during the reporting period. These are outlined at section 4 of the report.

3.2 The current Committee composition is presented below:-



As of the time of reporting, there are currently two Labour vacancies on the Committee.

3.3 The Pension Board members have not been reflected in this report as the Board has its own annual report which is considered each year in June at the annual Board meeting.



## 4. Membership Changes

- 4.1 Councillor van Sweeden joined the Committee as of 14 December 2023. As a result of Council reducing the number of Members on Committees from 13 to 9 in February 2024, following this decision Councillors Allard, Cross, McLellan and McRae stepped down from the Committee.

## 5. Member Attendance

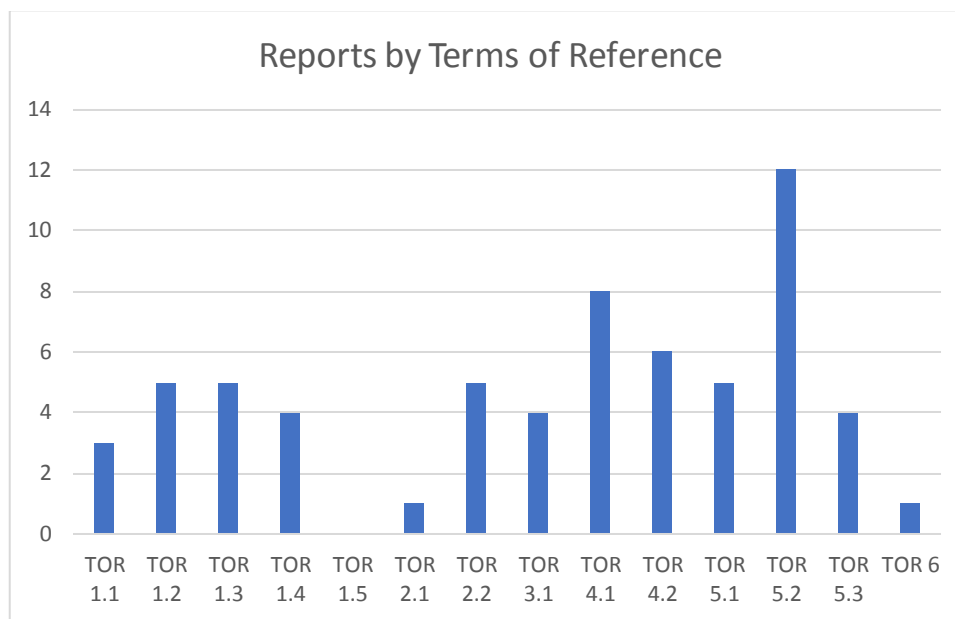
| Member                              | Total Anticipated Attendances | Total Attendances | Substitutions |
|-------------------------------------|-------------------------------|-------------------|---------------|
| <b>Members throughout 2023/2024</b> |                               |                   |               |
| Councillor John Cooke               | 4                             | 4                 |               |
| Councillor Neil MacGregor           | 4                             | 4                 |               |
| Councillor Alison Alphonse          | 4                             | 3                 |               |
| Councillor Derek Davidson           | 4                             | 4                 |               |
| Councillor Dell Henrickson          | 4                             | 4                 |               |
| Councillor Duncan Massey            | 4                             | 4                 |               |
| Councillor Kairin van Sweeden       | 4                             | 4                 |               |
| <b>Members until February 2024</b>  |                               |                   |               |
| Councillor Christian Allard         | 1                             | 1                 |               |
| Councillor Sarah Cross              | 1                             | 1                 |               |
| Councillor Alex McLellan            | 1                             | 1                 |               |
| Councillor Ciaran McRae             | 1                             | 1                 |               |

## 6. Meeting Content

6.1 During the 2023/2024 reporting period (15 October 2023 to 15 October 2024), the Committee had 4 meetings and considered a total of 33 reports.

### 6.2 Terms of Reference

6.2.1 The following chart details how reports aligned to the Terms of Reference (set out at section 2 above) for the Committee.



6.2.2 During the course of 2023/2024 the Committee received reports under each of the main Terms of Reference, with the exception of 1.5, which indicates that the Committee has discharged its role effectively throughout the course of the reporting period, and that no further changes are required at present to the Terms of Reference.

6.2.3 There were no reports under TOR 1.5 (The Committee will determine applications for Admitted Body Status) as there were no requests for Admitted Body Status during the reporting period.

6.2.4 As part of the annual Scheme of Governance review, Council in August 2024 agreed to some minor changes to the Pensions Committee Terms of Reference, as outlined in the following table (new additions in red):-

|                                 | Change  | Rationale  |
|---------------------------------|---|--|
| Pensions Committee<br>- Purpose | <p>To discharge all functions and responsibilities in respect of the Council's role as administering authority for the North East Scotland Pension Fund <del>(the Fund)</del> <del>s (NESPF)</del>. This includes managing the investment of the <del>Fund</del> NESPF in accordance with the Local Government Pension Scheme (Management and Investment of Funds) (Scotland) Regulations 2010 and other relevant legislation.</p> <p>The Committee will work alongside the Fund's Local Pension Board to consider any pension compliance matters raised.</p> <p><del>Where reference is made to 'the Fund', this refers to the Main Fund (the North East Scotland Pension Fund) and the Transport Fund (the Aberdeen City Council Transport Fund).</del></p> | To reflect the previous merger of the NESPF and the Transport Fund into what is now simply known as the NESPF. |
| Pensions Committee              | 4.2 adherence to the principles set out in the Pension Regulator's <b>General</b> Code of Practice.   | Update to reflect new Code   |
| Pensions Committee              | <b>5.3 - monitor the progress of any litigation relating to the Fund.</b>   | To expressly mention this in the Terms of Reference due to ongoing legal updates throughout the year           |

6.2.5 A report is due to Full Council in February 2025 which will review the committee structure, and this may lead to additional changes to the Pensions Committee Terms of Reference if required.

## 7. Reports and Decisions

7.1 The following information relates to the committee reports and Notices of Motion presented to Committee throughout the reporting period, as well as the use of Standing Orders and engagement with members of the public.

|   | Total | Total Percentage of Reports |
|---|-------|-----------------------------|
| Confidential Reports  | 0     | N/A                         |
| Exempt Reports  | 12    | %                           |
| Number of reports where the Committee amended officer recommendations   | 0     | N/A                         |
| Number of reports approved unanimously  | 33    | 100%                        |
| Number of reports or service updates requested during the consideration of another report to provide additional assurance and not in business planner | 0*    | N/A                         |
| Number of reports delayed for further information   | 0     | N/A                         |
| Number of times the Convener has had to remind Members about acceptable behaviour in terms of the Code of Conduct                                     | 0     | N/A                         |
| Late reports received (i.e. reports not available for inspection at least 3 clear days before the meeting)  | 0     | N/A                         |
| Number of referrals to Council under SO 34.1  | 0     | N/A                         |

\* No reports or service updates were requested, however on a number of occasions throughout the reporting period, Members requested additional information to be included in future reports, for example in relation to management expenses and administrative costs per member.

| Notices of Motion, Suspension of Standing Orders, Interface with the Public |      |
|---|------|
| Number of Notices of Motion to Committee                                    | None |
| Number of times Standing Orders suspended                                   | None |
| Specific Standing Orders suspended  | N/A  |
| Number of deputations requested   | None |
| Number of deputations heard   | N/A  |
| Number of petitions considered  | None |

It should be noted that the nature of business considered at the Pensions Committee means it is unlikely that deputation requests or petitions will be received.

## 8. Reports with links to the Local Outcome Improvement Plan

- 8.1 Due to the nature of the Pensions Committee remit, reports to the Committee are mainly for assurance and to allow the Members to scrutinise the operation and administration of the NESPF, therefore it is very unusual for any of the reports to be specifically linked to the Local Outcome Improvement Plan stretch outcomes. For the reporting period, there were no links to the LOIP stretch outcomes.

## 9. Training and Development

- 9.1 Training opportunities for Members during the reporting period were as follows:-

**Mandatory training** - the Hymans LGPS Online Learning Academy (LOLA), and the online Public Service Toolkit produced by The Pensions Regulator.

- 9.2 In addition to the mandatory training, the Pensions Committee and Board were offered 25 additional training opportunities including:
- Introductory training delivered by Laura Colliss, Pensions Manager, for all new Committee and Board members;
  - A variety of webinars covering topics from industry experts such as Pension Dashboards; Cyber Risk; and Investment Markets;
  - Actuarial training delivered by Mercer; and
  - The NESPF Finance Forum.

Members also had the option to complete further additional training courses outwith those advertised, if they so wished.

- 9.3 Officers have continued the monthly bulletin to keep the Committee and Board informed of important developments between the quarterly meetings.
- 9.4 Further development opportunities will be considered for next year based on Committee business throughout the year, Executive Lead and officer proposals and Member feedback on what may be required to assist them in performing their roles. For example, at recent meetings, Members have expressed an interest in additional training on ESG (Environmental, Social and Governance) requirements and carbon statements and metrics. A training session was organised and delivered by Fund Officers, following such feedback, on 18 November 2024 on a range of topics including cyber management, pension dashboards, data quality, member engagement and the Pensions Regulator's General Code.
- 9.5 The Committee receives an [annual training report](#), and training information and attendance can also be found in the [Audited Annual Report and Accounts](#).

## 10. Code of Conduct Declarations and Transparency Statements

- 10.1 There were no declarations of interest and no transparency statements made by Members during the reporting period. Information in respect of declarations of interest and transparency statements is recorded to evidence awareness of the requirements to adhere to the Councillors' Code of Conduct and the responsibility to ensure fair decision-making.

## 11. Executive Lead to the Committee - Commentary

- 11.1 Generally, the Committee considers the same reports at each point in the year in line with its role to monitor the administration of the NESPF. A major piece of work each year is the presentation and approval of the NESPF Annual Report and Accounts. The draft accounts were presented to the Pensions Committee in June 2024 and the final audited accounts were presented to the Pensions Committee in September 2024 for approval and as always, I would like to thank the team for their continued hard work to ensure that the accounts are presented on time.
- 11.2 The continued war in Ukraine, the attacks between Hamas and Israel and the continued Cost of Living Crisis all dominated the headlines this year and contributed towards the Fund operating within a fast changing environment. However, the Fund's investment strategy has not only positively impacted the asset value but funding levels too. The 2023 actuarial valuation saw funding levels increase to 126%, which further demonstrated the strength and long term security of the Fund.
- 11.3 In terms of the Committee itself, I am pleased to note that as per last year, all business was approved unanimously during the reporting period, demonstrating how the Committee is working in a collaborative manner.

## 12. The Year Ahead

- 12.1 Looking ahead to 2024/25, in addition to the delivery of essential services, the Fund will proceed with several projects. These include a procurement for a Global Custodian; further improvements to administrative processes; and the introduction of the Pensions Dashboard (a government initiative that allows the public to see all their pension savings online and in one single place).
- 12.2 The Committee will continue to receive its regular reports for assurance, including the asset and investment manager performance; budget reports; strategy papers; the usual reports from both Internal and External Audit; and the annual report and accounts.

## Appendix 1 – Local Outcome Improvement Plan Stretch Outcomes

| <b>Economy</b>                              |  |
|---|--|
| 1.  | No one will suffer due to poverty by 2026  |
| 2.  | 400 unemployed people supported into fair work by 2026   |
| 3.  | 500 people skilled/ reskilled to enable them to move into, within and between economic opportunities as they arise by 2026   |
| <b>People (Children &amp; Young People)</b> |  |
| 4.  | 95% of children will reach their expected developmental milestones by their 27-30 month review by 2026   |
| 5.  | 90% of children and young people report they feel listened to all of the time by 2026  |
| 6.  | By meeting the health and emotional wellbeing needs of our care experienced children and young people they will have the same levels of attainment in education and positive destinations as their peers by 2026 |
| 7.  | 95% of children living in our priority neighbourhoods (Quintiles 1 & 2) will sustain a positive destination upon leaving school by 2026  |
| 8.  | 83.5% fewer young people (under 18) charged with an offence by 2026  |
| 9.  | 100% of our children with Additional Support Needs/disabilities will experience a positive destination   |
| <b>People (Adults)</b>                      |  |
| 10.   | 25% fewer people receiving a first ever Court conviction and 2% fewer people reconvicted within one year by 2026   |
| 11.   | Healthy life expectancy (time lived in good health) is five years longer by 2026   |
| 12.   | Rate of harmful levels of alcohol consumption reduced by 4% and drug related deaths lower than Scotland by 2026  |
| <b>Place</b>                                |  |
| 13.   | Addressing climate change by reducing Aberdeen's carbon emissions by at least 61% by 2026 and adapting to the impacts of our changing climate  |
| 14.   | Increase sustainable travel: 38% of people walking and 5% of people cycling as main mode of travel by 2026   |
| 15.   | Addressing the nature crisis by protecting/ managing 26% of Aberdeen's area for nature by 2026   |
| <b>Community Empowerment</b>                |  |
| 16.   | 100% increase in the proportion of citizens who feel able to participate in decisions that help change things for the better by 2026   |

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## ABERDEEN CITY COUNCIL

|                           |                              |
|---------------------------|------------------------------|
| <b>COMMITTEE</b>          | Pensions Committee           |
| <b>DATE</b>               | 13 December 2024             |
| <b>EXEMPT</b>             | No                           |
| <b>CONFIDENTIAL</b>       | No                           |
| <b>REPORT TITLE</b>       | Strategy                     |
| <b>REPORT NUMBER</b>      | PC/DEC24/STRAT               |
| <b>EXECUTIVE DIRECTOR</b> | Andy MacDonald               |
| <b>CHIEF OFFICER</b>      | Jonathan Belford             |
| <b>REPORT AUTHOR</b>      | Laura Colliss & Mairi Suttie |
| <b>TERMS OF REFERENCE</b> | 1.3-4, 4.1-2, 5.1-2          |

### 1. PURPOSE OF REPORT

- 1.1 To inform the Committee and provide recommendations (if applicable) to changes to the North East Scotland Pension Fund.

### 2. RECOMMENDATIONS

That the Committee:-

- 2.1 Note the final outcome of the annual benefit statement project, which was completed successfully, for assurance (item 4.1 of the main report);
- 2.2 Note the updates to the Fund Policy documents (item 6.2 of the main report);
- 2.3 Approve the travel for one Advisory Committee Officer (Pension Fund Manager or suitable Officer substitute) to attend the following Advisory Committee meetings (item 6.3 of the main report):
- HarbourVest, May – London, UK
  - IFM, May – Milan, Italy
  - Blackrock, May/June – New York, US
  - Unigestion, June – Madrid, Spain
  - RCP, June – Chicago, US
  - HarbourVest, December – Boston, US
- 2.4 Delegate authority to the Chief Officer – Finance, following consultation with the Convener of the Pensions Committee, to approve travel for one Advisory Committee Officer (Pension Fund Manager or Suitable Officer Substitute) to attend the following Advisory Committee meetings once locations and times have been confirmed:
- Partners Group, March – Zug, Switzerland (TBC)
  - Capital Dynamics, May – London, UK (TBC); and
- 2.5 Note the remainder of the report for reassurance.

### 3. CURRENT SITUATION

3.1 See attached main report.

### 4. FINANCIAL IMPLICATIONS

4.1 The performance of the Fund over the long term can impact on the Fund's funding level and therefore the ability to meet its long-term liabilities.

### 5. LEGAL IMPLICATIONS

5.1 There are a number of legal implications arising from the implementation of the strategy which have been identified and addressed as set out in this report.

### 6. ENVIRONMENTAL IMPLICATIONS

6.1 There are no direct environmental implications arising from the recommendations of this report.

### 7. RISK

7.1 The Pension Fund maintains its own Risk Management Policy and regularly updates its Risk Register in line with change. This is reported quarterly to the Pensions Committee.

Appendix I, Copy of Risk Register (November 2024)

| Category              | Risks   | Primary Controls/Control Actions to achieve Target Risk Level  | *Target Risk Level (L, M or H)<br><br>*taking into account controls/control actions | *Does Target Risk Level Match Appetite Set? |
|-----------------------|---|--|---|---|
| <b>Strategic Risk</b> | Lack of effective risk controls in relation to the Fund Strategy. | The Fund maintains its own Risk Management Policy and regularly updates its Risk Register in line with change. This is reported quarterly to the Pensions Committee. | L   | Yes   |
| <b>Compliance</b>     | No significant risks identified.                                  | N/A  | N/A   | N/A   |
| <b>Operational</b>    | No significant risks identified.                                  | N/A  | N/A   | N/A   |

|                              |                                  |     |     |     |
|------------------------------|----------------------------------|-----|-----|-----|
| <b>Financial</b>             | No significant risks identified. | N/A | N/A | N/A |
| <b>Reputational</b>          | No significant risks identified. | N/A | N/A | N/A |
| <b>Environment / Climate</b> | No significant risks identified. | N/A | N/A | N/A |

## 8. OUTCOMES

8.1 The proposals in this report have no impact on the Council Delivery Plan.

## 9. IMPACT ASSESSMENTS

| Assessment                               | Outcome  |
|--|--|
| <b>Integrated Impact Assessment</b>      | No assessment required. I can confirm this has been discussed and agreed with Jonathan Belford, Chief Officer-Finance on 10 <sup>th</sup> June 2024. |
| <b>Data Protection Impact Assessment</b> | Not required   |
| <b>Other</b>                             | N/A  |

## 10. BACKGROUND PAPERS

10.1 None

## 11. APPENDICES

11.1 **Appendix I**, Copy of Risk Register (November 2024)  
**Appendix II**, PAS Report  
**Appendix III**, Data Quality Improvement Plan 2024

## 12. REPORT AUTHOR CONTACT DETAILS

|                      |  |
|----------------------|--|
| <b>Name</b>          | Laura Colliss<br>Mairi Suttie  |
| <b>Title</b>         | Pensions Manager<br>Governance & Communication Manager   |
| <b>Email Address</b> | <a href="mailto:LColliss@nespf.org.uk">LColliss@nespf.org.uk</a><br><a href="mailto:MSuttie@nespf.org.uk">MSuttie@nespf.org.uk</a> |
| <b>Tel</b>           | 01224 067109<br>01224 067625   |

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North East Scotland Pension Fund

**nespf**

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# Strategy Report

**Quarterly Reporting December 2024**

# 1. Background

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## 1.1 Quarterly Report to December 2024

The Pensions Committee will be comprehensively informed via this report as to the current position and any variances to the Fund's strategy and recommendations.

In line with the structural review of the Pension Fund, six specific areas were identified to fully address the strategic management of the Fund;

- Investment
- Accounting
- Benefit Administration
- Systems
- Governance
- Employer Relations

The roles and responsibilities within these areas have been very clearly defined to ensure accountability across the Pension Fund.

To support this, support services updates covering the six strategic areas will also be available via the secure website at <http://www.nespf.org.uk/TheFund/Governance/fundgovernance.aspx>.

Also available on the Pension Fund website are all the policy documents that govern the Pension Fund including its various strategies.

## 2. Investment

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### 2.1 Asset & Investment Manager Performance Report

*Separate report, provided*

### 2.2 Local Authority Pension Fund Forum (LAPFF)

Copies of the latest e-bulletins, quarterly engagement and annual reports are available at <http://www.lapfforum.org>.

Following discussion at the June 2024 meeting (PC/JUN24/LAPFF), the Pension Fund Manager's nomination to the LAPFF Executive Committee has now been accepted.

## 3. Accounting

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### 3.1 Budget/Forecast and Projected Spend 23/24 Report

N/A

## 4. Benefit Administration

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### 4.1 Pension Fund Annual Benefit Statements

Following on from the update to Committee in September (PC/SEPT24/STRAT), the annual benefit statement project has now been successfully completed.

Active benefit statements were issued electronically to members through My Pension+ by the statutory deadline of 31 August. Letters and emails were issued in advance to active members advising them that their statements were available to be viewed online and activation keys were issued to those members not already registered for My Pension+

The Fund recorded 99.92% compliance for all benefit statements in 23/24 (active, deferred and Councillors). This is an increase from the reported figure of 99.78% in 22/23. In terms of calculating the final percentage for reporting:

- 100% of all deferred ABS were issued;
- 100% of ABS were issued for Councillors (both active and deferred); and
- 99.82% of active ABS were issued;

By the 31 August deadline.

For the active members 86 errors were reported in total, 35 of those were for members who joined the Scheme before 1 April 2024 but had not paid any pension contributions, i.e. joined mid March but didn't receive their first salary payment until the April payroll, therefore no CARE pay was held on the Altair benefit administration system. After further investigation, a further 50 of the errors were carried over from the previous year as due to an oversight the "no ben calc" indicator had not been removed for the March 2023 joiners. The 1 remaining error is currently being investigated further by the Benefit Administration Team.

In line with our Breaches Policy, the ABS result will be recorded on the Breaches Register but not reported to the Pensions Regulator as we do not deem the breach to be of material significance. Officers have already investigated the members' records which did not generate an annual benefit statement as per the above summary.

At present 704 (-33 from 22/23) active and 696 (-39 from 22/23) deferred members have opted in to receive traditional paper statements and letters will still be sent to members not registered for My Pension+. The cost of each ABS letter is approximately 73p compared to an email notification which costs only 5p. Overall the move to online benefits has delivered a cost saving for the Fund, we anticipate costs to continue to reduce as the process is streamlined and more members register for My Pension+.

With the move to the new online platform, the Fund required all members already registered to My Pension to complete a migration process in order to access their account on the new site. As of 1 November 2024, 16,304 active members were registered, with 11,473 (70.4%) migrated to My Pension+ and 11,052 deferred members registered, with 6,600 (59.7%) successfully migrated.

A full review of the ABS project will be carried out in the coming months to guide future improvements.

### **McCloud Remedy Regulations**

Scottish Ministers also notified of their intention to consult on the draft LGPS (Remediable Service)(Amendment)(Scotland) Regulations 2024 to remove the requirement to include McCloud Remedy underpin information in the 2024 Annual Benefit Statements (ABS), due to be issued to members by 31 August 2024.

However, as the modified regulations would not be in force before the 2024 ABS deadline of 31 August 2024, the Pensions Regulator (tPR) expected all administering authorities to report that they would not be in a position to include underpin information in the 2024 ABS.

NESPF, therefore, had to formally report itself for a breach of the law to tPR. The Scottish Public Pensions Agency (SPPA) have advised tPR that the breach should be resolved when the regulations come into force later in 2024.

## **5. Systems**

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### **5.1 Performance Reporting**

Performance is reported using new business intelligence and analytics software (Insights).

In addition to quarterly performance, the new PAS reporting also includes comparison against the previous quarter, information on data quality and progress on large scale exercises required by regulations e.g. McCloud and Pension Dashboards.

**Appendix II, Pension Administration Strategy Report**



## 6. Governance

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### 6.1 Scheme Advisory Board

Copies of the latest bulletins and meeting are available at <http://lgpsab.scot>.

### 6.2 Document Updates

Copies of the draft policy documents can be found in the secure member area of the website ([www.nespf.org.uk](http://www.nespf.org.uk)) or copies can be requested from the Governance Team. Any significantly revised or new documents will be included as appendices to this report.

- **Reporting Breaches of the Law Policy** (updated reference from COP14 to GCOP, included reference to regulation, expanded definition of breach and non-compliance for LGPS, responsibilities of monitoring officer and additions to Related Policies section)
- **Conflicts of Interest Policy** (updated reference from COP14 to GCOP, provided further detail on contribution setting, investment decisions, administration, third parties, financial reporting, updated Related Policies section and added in Seven Principles of Public Life to purpose statement)
- **Data Quality Improvement Plan** (updated for 2024 – see **Appendix III**)
- **Cash Management Principles** (updated to remove reference to Aberdeen City Council Transport Fund, removal of staff names to job positions)

### 6.3 Overseas Travel

With the Pension Fund's increasing allocation to alternatives which usually come in the form of Funds/Fund of Funds there is a requirement for greater due diligence and scrutiny given the nature of these investments being privately owned. Following the Fund's continued commitment to the likes of HarbourVest and Blackrock, overseas travel has been previously authorised and will be required going forward as these companies continue to be global investors, globally headquartered and have global clients.

The vast majority of private investment funds have limited partner advisory committees, these committees are composed of representatives of the limited partners, usually significant institutional limited partners/clients, dealing with a number of issues regarding conflicts, investment restrictions, general oversight and using the committee as a sounding board for other matters.

As stated due to increased allocation from the Pension Fund to alternatives, depending on the level of commitment the Fund will request or be invited to accept a position on the Advisory Committee.

Advisory Committees are officer led and by invitation/request only, managers seek to appoint officers from their clients that have significant experience with the industry to ensure meaningful scrutiny and challenge.

Officers and elected members have clear statutory responsibilities for the management and investment of the Pension Fund, part of those responsibilities is to monitor and review external managers' performance. This is usually achieved by means of regular reporting, presentations to officers/members and attending client conferences.

The Advisory Committee is additional to the above and provides the Pension Fund with greater access to the Manager and the management of those investments and access to the General Partners (underlying assets). Given the increased value of commitments with this asset class, this type of forum strengthens the governance arrangements for the Fund together with the Fund Manager.

Officers recommend the approval for overseas travel to the following Advisory Committees:

- 1. Partners Group, March – Zug, Switzerland (TBC)**
- 2. HarbourVest, May – London, UK**
- 3. IFM, May – Milan, Italy**
- 4. Blackrock, May/June – New York, US**
- 5. Capital Dynamics, May – London, UK (TBC)**
- 6. Unigestion, June – Madrid, Spain**
- 7. RCP, June – Chicago, US**
- 8. HarbourVest, December – Boston, US**

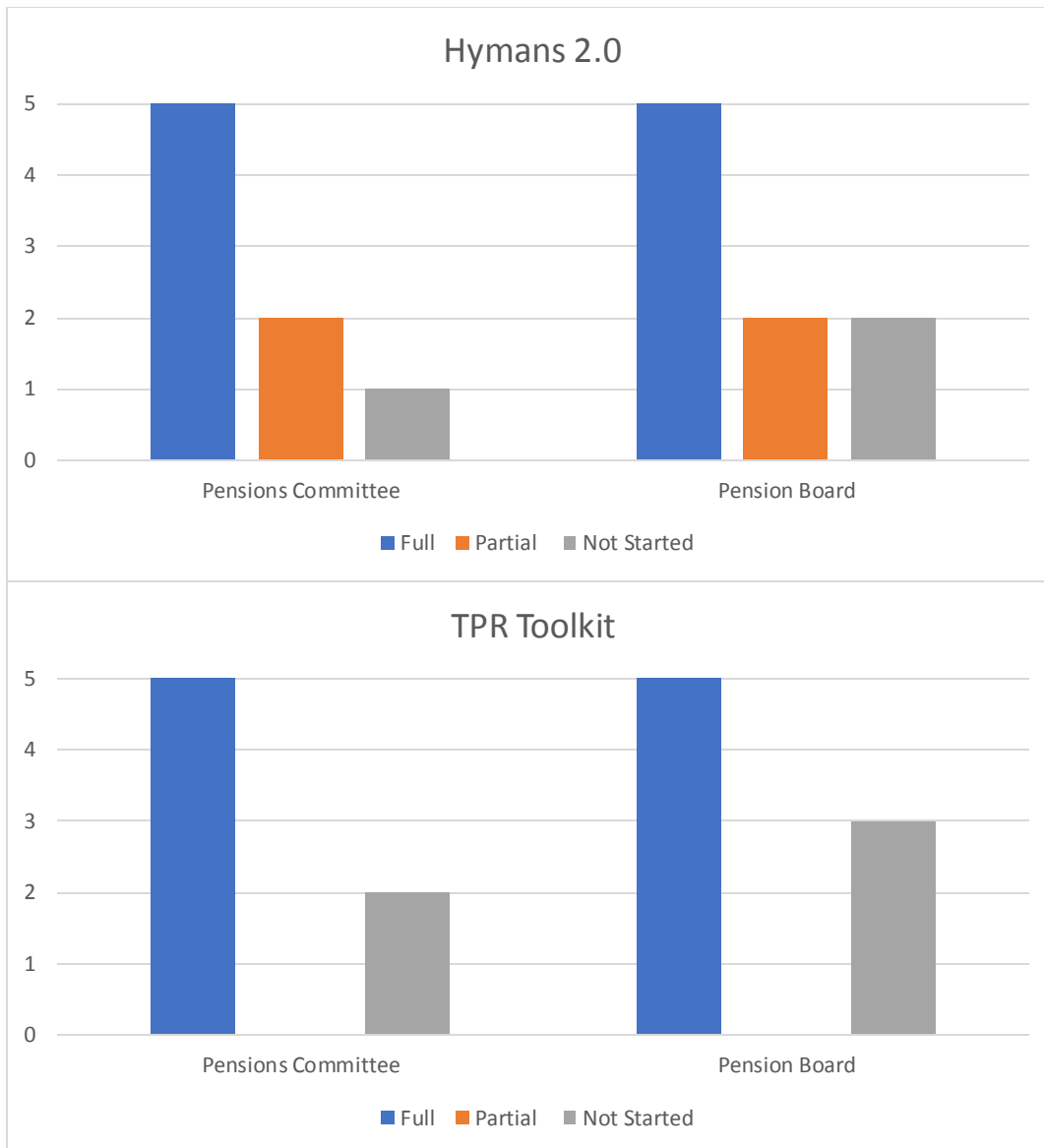
Approval is requested for one appointed Advisory Committee Officer (Pension Fund Manager or suitable experienced officer substitute) to attend.

Most travel costs are covered by the individual Fund Managers, these Committees are perceived to be of great value by the Fund Managers providing additional governance and transparency, some are also rotated to the UK to deliver a balance to all global clients.

## **6.4 Training Update**

At the September Pensions Committee and Board meeting, Audit Scotland presented their Annual Audit Report 2023/24 (IA/24/008). One of the Key Messages from this report was that "members' commitment to pensions training needs to be improved to support good scrutiny". Recommendation 2 of the Report stated "The programme of mandatory training should be refreshed and sanctions agreed and implemented where agreed training is not undertaken within reasonable timescales".

In terms of an update on mandatory training, the below summaries for both Hymans and tPR, chart the number of individuals who have fully completed the training, partially completed or are yet to start:



The below tables provide a further breakdown by individual member as at 12/11/2024:

| Board Member            | Hymans 2.0     | TPR Public Service Toolkit |
|-------------------------|----------------|----------------------------|
| CLlr Jessica Mennie     | ✓              | X                          |
| CLlr Stephen Smith      | ✓              | ✓                          |
| Morag Lawrence          | <i>Partial</i> | ✓                          |
| Alan Walker             | ✓              | ✓                          |
| Gordon Walters          | <i>Partial</i> | X                          |
| Neil Stirling           | ✓              | ✓                          |
| CLlr David Gordon       | ✓              | X                          |
| Kenny Luke (Sub)        | X              | ✓                          |
| CLlr Neil Copland (Sub) | X              | X                          |

| Committee Member | Hymans 2.0 | TPR Public Service Toolkit |
|------------------|------------|----------------------------|
| CLlr John Cooke  | ✓          | ✓                          |

|                          |                |          |
|--------------------------|----------------|----------|
| Cllr Neil MacGregor      | ✓              | ✓        |
| Cllr Dell Henrickson     | ✓              | ✓        |
| Cllr Duncan Massey       | <i>Partial</i> | ✓        |
| Cllr Alison Alphonse     | <i>Partial</i> | <b>X</b> |
| Cllr Kairin van Sweeden  | ✓              | ✓        |
| Cllr Derek Davidson      | <b>X</b>       | <b>X</b> |
| Cllr David Cameron (Sub) | ✓              | <b>X</b> |

Fund Officers regularly seek feedback from Committee and Board on both Hymans LOLA and the TPR Public Service Toolkit, in particular this feedback assists Officers in making decisions around mandatory training and during contract reviews.

A training session was organised and delivered by Fund Officers, following such feedback, on 18 November 2024 on a range of topics including cyber management, pension dashboards, data quality, member engagement and the Pensions Regulator's General Code.

## 7. Employer Relationship

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N/A

# Risk Register



## Pensions Dashboard

In line with best practice and the Pensions Regulator (tPR) Code of Practice, NESPF maintains a risk register to ensure the risks the Fund faces are properly understood, and risk mitigation actions are in place.

This Risk Register is reviewed and updated quarterly, with reporting to the Pensions Committee.

The Pensions Committee is responsible for receiving assurance on the effectiveness of NESPF risk management arrangements as per their Terms of Refence.

## Risk Scoring Process

In order to apply an assessment rating (score) to a risk, NESPF implements a 4 x 6 matrix. The 4 scale represents the impact of a risk and the 6 scale represents likelihood of a risk event occurring.

|                   |                          |                 |            |                    |             |                  |           |
|-------------------|--------------------------|-----------------|------------|--------------------|-------------|------------------|-----------|
| <b>4</b>          | <b>Very Serious</b>      | <b>4</b>        | <b>8</b>   | <b>12</b>          | <b>16</b>   | <b>20</b>        | <b>24</b> |
| <b>3</b>          | <b>Serious</b>           | <b>3</b>        | <b>6</b>   | <b>9</b>           | <b>12</b>   | <b>15</b>        | <b>18</b> |
| <b>2</b>          | <b>Marginal</b>          | <b>2</b>        | <b>4</b>   | <b>6</b>           | <b>8</b>    | <b>10</b>        | <b>12</b> |
| <b>1</b>          | <b>Negligible</b>        | <b>1</b>        | <b>2</b>   | <b>3</b>           | <b>4</b>    | <b>5</b>         | <b>6</b>  |
| <b>Impact</b>     | <b>1</b>                 | <b>2</b>        | <b>3</b>   | <b>4</b>           | <b>5</b>    | <b>6</b>         |           |
|                   | <b>Almost Impossible</b> | <b>Very Low</b> | <b>Low</b> | <b>Significant</b> | <b>High</b> | <b>Very High</b> |           |
| <b>Likelihood</b> | <b>1</b>                 | <b>2</b>        | <b>3</b>   | <b>4</b>           | <b>5</b>    | <b>6</b>         |           |
|                   | <b>Almost Impossible</b> | <b>Very Low</b> | <b>Low</b> | <b>Significant</b> | <b>High</b> | <b>Very High</b> |           |

## Current Heat Map (where risks NESPF001 through 029 fall)

|                   |                          |                 |            |                    |             |                  |  |
|-------------------|--------------------------|-----------------|------------|--------------------|-------------|------------------|--|
| <b>4</b>          | <b>Very Serious</b>      |                 |            |                    |             |                  |  |
| <b>3</b>          | <b>Serious</b>           |                 |            |                    |             |                  |  |
| <b>2</b>          | <b>Marginal</b>          |                 |            |                    |             |                  |  |
| <b>1</b>          | <b>Negligible</b>        |                 |            |                    |             |                  |  |
| <b>Impact</b>     | <b>1</b>                 | <b>2</b>        | <b>3</b>   | <b>4</b>           | <b>5</b>    | <b>6</b>         |  |
|                   | <b>Almost Impossible</b> | <b>Very Low</b> | <b>Low</b> | <b>Significant</b> | <b>High</b> | <b>Very High</b> |  |
| <b>Likelihood</b> | <b>1</b>                 | <b>2</b>        | <b>3</b>   | <b>4</b>           | <b>5</b>    | <b>6</b>         |  |
|                   | <b>Almost Impossible</b> | <b>Very Low</b> | <b>Low</b> | <b>Significant</b> | <b>High</b> | <b>Very High</b> |  |

**Red = High Priority** (urgent action required)

**Orange = Medium Priority** (assess adequacy of current controls, consider further action required to mitigate risk)

**Green = Low Priority** (no immediate action subject to exceptions, continue to review)

| Code                      | Risk Description   | Mitigating Controls  | Current Risk |            |       |          | Approach | Additional Actions/Latest Notes   | Owner & Timescale |
|---------------------------|--|--|--------------|------------|-------|----------|----------|---|-------------------|
|                           |  |  | Impact       | Likelihood | Score | Movement |          |   |                   |
| <b>Pension Fund Level</b> |  |  |              |            |       |          |          |   |                   |
| NESPFO01                  | <b>Risk:</b> Lack of effective risk controls   | <ul style="list-style-type: none"> <li>NESPF risk register is reviewed and updated quarterly by senior management team</li> <li>Consideration by Pensions Committee &amp; Board at quarterly meetings</li> <li>NESPF specific Risk Management Policy in place and reviewed annually</li> </ul> | 4            | 1          | 4     | ↔        | TREAT    |   | Ongoing           |
|                           | <b>Causes:</b> Failure to implement risk management framework  |  |              |            |       |          |          |   |                   |
|                           | <b>Potential Impact:</b> Operational, financial and reputational issues  |  |              |            |       |          |          |   |                   |
| NESPFO02                  | <b>Risk:</b> Poor Governance   | <ul style="list-style-type: none"> <li>Annual review of Funds Governance Compliance Statement and supporting policies and procedures</li> <li>Adherence to Council's Scheme of Governance</li> <li>Committee Effectiveness Report to support good governance</li> </ul>                        | 3            | 2          | 6     | ↔        | TREAT    | Next Committee Effectiveness Report due Dec'24.<br><br>ACC Scheme of Governance annual review to be completed by Spring 2025. | Ongoing           |
|                           | <b>Causes:</b> Lack of robust and effective governance framework and supporting policies and procedures  |  |              |            |       |          |          |   |                   |
|                           | <b>Potential Impact:</b> Regulatory compliance issues, inability to determine policies and make effective decisions leading to poor service delivery and reputational risk |  |              |            |       |          |          |   |                   |
| NESPFO03                  | <b>Risk:</b> Lack of performance measures  | <ul style="list-style-type: none"> <li>Statutory and local KPI's</li> <li>Pension Administration Strategy published quarterly</li> <li>Investment performance (against benchmark)</li> </ul>   | 3            | 2          | 6     | ↔        | TREAT    | KPI review ongoing and new PAS reporting from Sept'24.  | Ongoing           |
|                           | <b>Causes:</b> Failure to develop performance reporting framework  |  |              |            |       |          |          |   |                   |
|                           | <b>Potential Impact:</b> Lack of transparency, poor  |  |              |            |       |          |          |   |                   |

| Code     | Risk Description   | Mitigating Controls  | Current Risk |            |       |          | Approach        | Additional Actions/Latest Notes  | Owner & Timescale |
|----------|--|--|--------------|------------|-------|----------|-----------------|--|-------------------|
|          |  |  | Impact       | Likelihood | Score | Movement |                 |  |                   |
|          | performance could go unaddressed   | reported to Committee quarterly in AIMP report   |              |            |       |          |                 |  |                   |
| NESPF004 | <b>Risk:</b> Failure of Pensions Committee and Pension Board to operate effectively  | <ul style="list-style-type: none"> <li>• Publication of Pension Board Annual Report</li> <li>• Training Policy reviewed annually and training register in place</li> <li>• Nomination &amp; Appointment procedure</li> <li>• Annual Committee Effectiveness Report</li> <li>• Monthly Committee &amp; Board Bulletin</li> <li>• Monthly Hymans LOLA Progress Report</li> </ul> | 3            | 3          | 9     | ↔        | <b>TREAT</b>    | Pension Board Annual Report and revised Training Policy approved Jun'24.<br><br>Hymans Knowledge Progress Assessment completed in 2023.<br><br>2 long term Committee vacancies. 1 vacancy on Pension Board.<br><br>Training review underway. | <b>Ongoing</b>    |
|          | <b>Causes:</b> Poor attendance/commitment to role, high turnover of members, lack of training                                    |  |              |            |       |          |                 |  |                   |
|          | <b>Potential Impact:</b> Non-compliance with regulatory requirements, inability to make decisions or policies, reputational risk |  |              |            |       |          |                 |  |                   |
| NESPF005 | <b>Risk:</b> Operational Disaster; unable to access the workplace  | <ul style="list-style-type: none"> <li>• ACC Disaster Recovery policy in place</li> <li>• NESPF Business Continuity Plan to address loss/disruption to benefit administration system</li> </ul>  | 3            | 2          | 6     | ↔        | <b>TOLERATE</b> | Disaster Recovery Testing ongoing.   | <b>Ongoing</b>    |
|          | <b>Causes:</b> Major incident, natural disaster  |  |              |            |       |          |                 |  |                   |
|          | <b>Potential Impact:</b> Loss of service delivery, staff downtime  |  |              |            |       |          |                 |  |                   |
| NESPF006 | <b>Risk:</b> Failure to recruit, retain and develop staff  |  | 3            | 2          | 6     | ↔        | <b>TREAT</b>    | 2 Modern Apprentices joining   | <b>Ongoing</b>    |

| Code     | Risk Description  | Mitigating Controls  | Current Risk |            |       |          | Approach   | Additional Actions/Latest Notes   | Owner & Timescale |
|----------|---|--|--------------|------------|-------|----------|--|---|-------------------|
|          |   |  | Impact       | Likelihood | Score | Movement |  |   |                   |
|          | <p><b>Causes:</b> Limited pool of resources/competition with private sector, lack of training/development opportunities, resource drain from wider priorities</p> <p><b>Potential Impact:</b> Loss of service delivery, risk to succession planning</p> | <ul style="list-style-type: none"> <li>All staff have individual development plans, reviewed regularly through CR&amp;D</li> <li>Training register to monitor</li> <li>2 full time training &amp; development staff</li> <li>Internal 2 year training programme for benefit admin staff</li> <li>Future-focused staffing structure, subject to ongoing review</li> </ul> |              |            |       |          | <p>Benefit Administration Team in Nov'24, 1 x PO-Communications, 3 Trainee Pensions Officers now fully qualified Officers.</p> <p>Operational Effectiveness review by Hymans ongoing. Draft Report received.</p> |   |                   |
| NESPF007 | <p><b>Risk:</b> Pay and price inflation valuation assumptions either higher or lower</p> <p><b>Causes:</b> Economic factors</p> <p><b>Potential Impact:</b> Potential increase in employer contribution rates and liabilities</p>                       | <ul style="list-style-type: none"> <li>Quarterly funding updates to Committee (using PFaroe)</li> <li>Tri-ennial valuation</li> <li>Individual employer contribution rates</li> </ul>  | 2            | 3          | 6     | ↓        | <b>TOLERATE</b>  | Healthy funding position, prudent assumptions in 2023 valuation have led to decreased risk score. | <b>Ongoing</b>    |
| NESPF008 | <p><b>Risk:</b> Over reliance on services provided by the Administering Authority (e.g. HR, Payroll, Legal, IT)</p> <p><b>Causes:</b> VS/ER exercise leading to loss of knowledge and expertise, recruitment</p>  | <ul style="list-style-type: none"> <li>Internal controls including policies and procedures</li> <li>Pensions Administration Strategy in place</li> </ul>   | 4            | 3          | 12    | ↔        | <b>TREAT</b>   | <p>Ongoing issues being experienced.</p> <p>Operational Effectiveness review by Hymans</p>        | <b>Ongoing</b>    |



| Code              | Risk Description   | Mitigating Controls   | Current Risk |            |       |          | Approach | Additional Actions/Latest Notes   | Owner & Timescale |
|-------------------|--|---|--------------|------------|-------|----------|----------|---|-------------------|
|                   |  |   | Impact       | Likelihood | Score | Movement |          |   |                   |
|                   | freeze, poor service provision, cost constraints<br><b>Potential Impact:</b> Ability to meet regulatory and tPR requirements, staff downtime, loss of service delivery/delays and staff time, cyber and IT risk, legal and reputational risk   | <ul style="list-style-type: none"> <li>Communication between Pensions Manager and ACC Chief Officers</li> </ul>   |              |            |       |          |          | ongoing. Draft Report received.   |                   |
| <b>Governance</b> |  |   |              |            |       |          |          |   |                   |
| NESPF009          | <b>Risk:</b> Failure to adhere to relevant pensions legislation and guidance<br><br><b>Causes:</b> Political and legislative changes, increased administrative complexity, staff training issue<br><br><b>Potential Impact:</b> Audit criticism, legal challenge, reputational risk, financial loss and tPR action | <ul style="list-style-type: none"> <li>Six monthly compliance review, with annual reporting to Pensions Committee and Board</li> <li>Active participation at LGPS events, Testing Working Party for administration software updates</li> <li>Established processes for staff training</li> <li>Oversight by Pensions Board</li> <li>Regular benefit admin team meetings to share knowledge</li> </ul> | 3            | 2          | 6     | ↔        | TREAT    | Annual Compliance Report to Mar'24 committee meeting.<br><br>Next six monthly compliance review due Dec'24.<br><br>Ongoing review against TPR's new General Code. | Ongoing           |
| NESPF010          | <b>Risk:</b> Failure to comply with FOI or SAR requests<br><br><b>Causes:</b> Missed statutory deadlines due to training or resource issues  | <ul style="list-style-type: none"> <li>Internal written procedures in place</li> <li>FOI/SAR log to record &amp; monitor</li> </ul>   | 3            | 1          | 3     | ↔        | TREAT    |   | Ongoing           |

| Code                          | Risk Description   | Mitigating Controls  | Current Risk |            |       |          | Approach | Additional Actions/Latest Notes                         | Owner & Timescale                                |
|-------------------------------|--|--|--------------|------------|-------|----------|----------|---|--|
|                               |  |  | Impact       | Likelihood | Score | Movement |          |   |  |
|                               | <b>Potential Impact:</b> Audit criticism, legal challenge, reputational risk   | <ul style="list-style-type: none"> <li>Online process through GovServices</li> </ul>   |              |            |       |          |          |   |  |
| NESPFO11                      | <b>Risk:</b> Conflicts of Interest   | <ul style="list-style-type: none"> <li>Regular discussions between CO-Finance and Pension Fund Manager</li> <li>Standing agenda item at meetings</li> <li>Conflicts policy &amp; register in place, with conflicts declarations issued annually</li> </ul>   | 2            | 3          | 6     | ↔        | TREAT    | Updated COI Policy to Committee meeting Dec'24.         | Ongoing<br><br>Policy Review - M Suttie (Dec'24) |
|                               | <b>Causes:</b> Competing professional and personal interests of staff, Committee and Board members                                 |  |              |            |       |          |          |   |  |
|                               | <b>Potential Impact:</b> Audit criticism, legal challenge, reputational risk   |  |              |            |       |          |          |   |  |
| <b>Benefit Administration</b> |  |  |              |            |       |          |          |   |  |
| NESPFO12                      | <b>Risk:</b> Fraud/Negligence  | <ul style="list-style-type: none"> <li>Segregation of duties for benefits staff authorising/submitting lump sum payments</li> <li>Pension payments signed off by benefits senior</li> <li>Enhanced Admin to Pay and Arrears Modules to provide calculation checks</li> <li>Participation in National Fraud Initiative exercise</li> <li>Overseas pensioner existence checking</li> <li>Breaches Policy &amp; register</li> <li>Internal Audit control reviews</li> </ul> | 3            | 2          | 6     | ↔        | TREAT    | Internal Audit Pension Fund Payroll to commence Nov'24. | Ongoing  |
|                               | <b>Causes:</b> Dishonesty or human error by staff, scheme members  |  |              |            |       |          |          |   |  |
|                               | <b>Potential Impact:</b> Overpayment/unauthorised payments, system corruption, audit criticism, legal challenge, reputational risk |  |              |            |       |          |          |   |  |

| Code               | Risk Description   | Mitigating Controls  | Current Risk |            |       |          | Approach | Additional Actions/Latest Notes   | Owner & Timescale |
|--------------------|--|--|--------------|------------|-------|----------|----------|---|-------------------|
|                    |  |  | Impact       | Likelihood | Score | Movement |          |   |                   |
| <b>Investments</b> |  |  |              |            |       |          |          |   |                   |
| NESPF013           | <b>Risk:</b> Insufficient assets to meet the Funds long term liabilities   | <ul style="list-style-type: none"> <li>Quarterly assessment of investment performance and funding updates</li> <li>Tri-ennial valuation and investment strategy review</li> <li>Diversification of assets</li> <li>Due diligence of fund managers</li> <li>External advisor for specialist guidance on strategy</li> </ul> | 4            | 1          | 4     | ↔        | TREAT    | Tri-ennial valuation process completed, Fund in very healthy position (126% funded) and valuation approach continues to ensure high level of prudence. Investment strategy approved at Jun' 2024 meeting. | Ongoing           |
|                    | <b>Causes:</b> Failure of investment strategy or fund managers to produce expected returns                         |  |              |            |       |          |          |   |                   |
|                    | <b>Potential Impact:</b> Increase in employer contribution rates, investment risk, audit criticism, financial loss |  |              |            |       |          |          |   |                   |
| NESPF014           | <b>Risk:</b> Failure to monitor investment managers and assets   | <ul style="list-style-type: none"> <li>Quarterly assessment and reporting of asset performance</li> <li>Regular meetings with investment managers</li> </ul>   | 3            | 2          | 6     | ↔        | TREAT    |   | Ongoing           |
|                    | <b>Causes:</b> Lack of internal procedures   |  |              |            |       |          |          |   |                   |
|                    | <b>Potential Impact:</b> Audit criticism, legal challenge, reputational risk                                       |  |              |            |       |          |          |   |                   |
| NESPF015           | <b>Risk:</b> Failure of world stock markets  | <ul style="list-style-type: none"> <li>Diversification of Scheme assets</li> <li>Tri-ennial valuation and investment strategy review</li> </ul>  | 4            | 2          | 8     | ↔        | TOLERATE | Tri-ennial valuation completed, investment strategy approved at Jun'24 meeting.   | Ongoing           |
|                    | <b>Causes:</b> Systemic  |  |              |            |       |          |          |   |                   |
|                    | <b>Potential Impact:</b> Increase in employer contribution rates, financial loss                                   |  |              |            |       |          |          |   |                   |
| NESPF016           | <b>Risk:</b> Negligence/Fraud/Default  |  | 2            | 1          | 2     | ↔        | TOLERATE |   | Ongoing           |

| Code     | Risk Description  | Mitigating Controls   | Current Risk |            |       |          | Approach | Additional Actions/Latest Notes           | Owner & Timescale                             |
|----------|---|---|--------------|------------|-------|----------|----------|---|---|
|          |   |   | Impact       | Likelihood | Score | Movement |          |   |   |
|          | <p><b>Causes:</b> Dishonesty by fund managers, lack of care or human error</p> <p><b>Potential Impact:</b> Financial loss, reputational damage</p>  | <ul style="list-style-type: none"> <li>• Due diligence on appointment and appropriate clause in legal agreements</li> <li>• Fund management monitoring</li> <li>• SAS 70 reports</li> </ul>   |              |            |       |          |          |   |   |
| NESPF017 | <p><b>Risk:</b> Failure of Global Custodian</p> <p><b>Causes:</b> Financial market crisis, regulatory/political</p> <p><b>Potential Impact:</b> Loss of assets or control of assets</p>                   | <ul style="list-style-type: none"> <li>• Regular meeting with custodian</li> <li>• Service Level Agreement in place</li> <li>• Receipt of SAS 70 reports and monitoring</li> </ul>  | 4            | 2          | 8     | ↔        | TOLERATE | Global Custodian tender process underway. | Ongoing<br><br>Tender – L Colliss, April 2025 |
| NESPF018 | <p><b>Risk:</b> Failure to implement ESG policy</p> <p><b>Causes:</b> Lack of skills/knowledge, lack of transparency on practices or clear policy</p> <p><b>Potential Impact:</b> Reputational damage</p> | <ul style="list-style-type: none"> <li>• Member training on roles and fiduciary duties</li> <li>• Policy incorporated within SIP</li> <li>• PRI membership, annual signatory assessment</li> <li>• Monitor impact of climate change</li> <li>• Adoption of TCFD</li> <li>• Quarterly reporting to Committee/Board on voting, carbon footprinting and engagement work.</li> <li>• Risk assessments with Fund Managers and Investment Consultant</li> </ul> | 3            | 2          | 6     | ↔        | TREAT    |   | Ongoing                                       |

| Code              | Risk Description   | Mitigating Controls  | Current Risk |            |       |          | Approach | Additional Actions/Latest Notes   | Owner & Timescale |
|-------------------|--|--|--------------|------------|-------|----------|----------|---|-------------------|
|                   |  |  | Impact       | Likelihood | Score | Movement |          |   |                   |
|                   |  | including Climate Scenario Analysis  |              |            |       |          |          |   |                   |
| <b>Accounting</b> |  |  |              |            |       |          |          |   |                   |
| NESPFO19          | <b>Risk:</b> Poor financial reporting  | <ul style="list-style-type: none"> <li>Comprehensive policies and procedures in place and review of <i>the Code</i></li> <li>Attending CIPFA meeting and reviews</li> <li>Regular reconciliations e.g. fund managers, custodian</li> <li>Internal/External Audits</li> </ul>   | 3            | 2          | 6     | ↔        | TREAT    | Annual Report & Accounts approved Sept'24 meeting.  | Ongoing           |
|                   | <b>Causes:</b> Lack of internal policies and procedures, failure to keep up to date with changes in the Code of Practice and other overriding changes, training issues |  |              |            |       |          |          |   |                   |
|                   | <b>Potential Impact:</b> Qualified accounts  |  |              |            |       |          |          |   |                   |
| <b>Systems</b>    |  |  |              |            |       |          |          |   |                   |
| NESPFO20          | <b>Risk:</b> Failure to secure and manage personal data in line with data protection requirements  | <ul style="list-style-type: none"> <li>Annual information governance training for staff</li> <li>Policies and procedures in place and reviewed regularly (Breaches, Data Protection, Systems Access and Retention Schedule)</li> <li>Secure physical storage measures</li> <li>Admin system providers implement range of protections against cyber threats including encryption, firewalls,</li> </ul> | 4            | 2          | 8     | ↔        | TREAT    | Staff complete annual information governance refresher training and further training to be carried out over 2024.<br><br>Cyber training for Committee & Board delivered Nov'24. | Ongoing           |
|                   | <b>Causes:</b> Cyber-attack, human processing error  |  |              |            |       |          |          |   |                   |
|                   | <b>Potential Impact:</b> Audit criticism, legal challenge, reputational risk, financial penalties  |  |              |            |       |          |          |   |                   |

| Code                         | Risk Description   | Mitigating Controls  | Current Risk |            |       |          | Approach        | Additional Actions/Latest Notes  | Owner & Timescale |
|------------------------------|--|--|--------------|------------|-------|----------|-----------------|--|-------------------|
|                              |  |  | Impact       | Likelihood | Score | Movement |                 |  |                   |
|                              |  | annual 3 <sup>rd</sup> party penetration testing etc   |              |            |       |          |                 |  |                   |
| NESPFO21                     | <b>Risk:</b> Failure of the Fund's administration system   | <ul style="list-style-type: none"> <li>Administration system is hosted externally with back up in separate location</li> <li>Regular software updates</li> <li>Business continuity and disaster recovery plans in place</li> </ul> | 4            | 2          | 8     | ↔        | <b>TOLERATE</b> | Increased risk of cyber-attacks globally, mitigations in place.  | <b>Ongoing</b>    |
|                              | <b>Causes:</b> Outages, hardware and software failures and cyber attacks                                       |  |              |            |       |          |                 |  |                   |
|                              | <b>Potential Impact:</b> Staff downtime, loss of service delivery  |  |              |            |       |          |                 |  |                   |
| NESPFO22                     | <b>Risk:</b> Failure to track member status and trace information  | <ul style="list-style-type: none"> <li>Tracing service in place (ATMOS)</li> <li>Use of 'Tell Us Once' service</li> <li>Data quality improvement plan including measures to trace</li> <li>Existence checking</li> </ul>           | 2            | 3          | 6     | ↔        | <b>TREAT</b>    | New mortality tracing. Data uploaded and checked against national death records, automatically creates cases on Altair administration database with output dashboard with lower priority matches. Review of new process ongoing. | <b>Ongoing</b>    |
|                              | <b>Causes:</b> Poor record keeping   |  |              |            |       |          |                 |  |                   |
|                              | <b>Potential Impact:</b> Incorrect pension payments, incorrect assessment of actuarial liabilities, tPR action |  |              |            |       |          |                 |  |                   |
| <b>Employer Relationship</b> |  |  |              |            |       |          |                 |  |                   |
| NESPFO23                     | <b>Risk:</b> Failure to monitor employer covenant  |  | 2            | 2          | 4     | ↔        | <b>TREAT</b>    |  | <b>Ongoing</b>    |

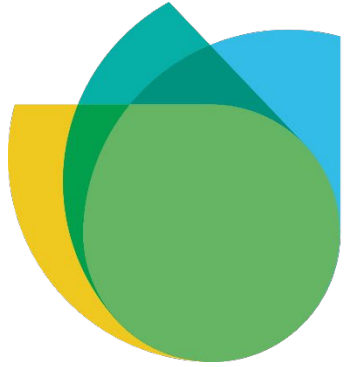
| Code     | Risk Description  | Mitigating Controls   | Current Risk |            |       |          | Approach | Additional Actions/Latest Notes   | Owner & Timescale |
|----------|---|---|--------------|------------|-------|----------|----------|---|-------------------|
|          |   |   | Impact       | Likelihood | Score | Movement |          |   |                   |
|          | <p><b>Causes:</b> Failure of internal procedures</p> <p><b>Potential Impact:</b> Orphaned liabilities could fall on remaining employers</p>   | <ul style="list-style-type: none"> <li>Continued implementation of Covenant Assessment and Monitoring Policy (within FSS)</li> <li>Online liability monitor which tracks funding levels and liabilities for each individual employer</li> </ul> |              |            |       |          |          |   |                   |
| ESPF024  | <p><b>Risk:</b> Changes in early retirement strategies by employers</p> <p><b>Causes:</b> Public service cuts to funding</p> <p><b>Potential Impact:</b> Pressure on cash flows</p> | <ul style="list-style-type: none"> <li>Management through Covenant Assessment and Monitoring Policy (within FSS)</li> </ul>   | 2            | 3          | 6     | ↔        | TREAT    | Increasing budget constraints are leading more employers to redundancy/early retirement exercises. Employers are aware of cost implications. Strain on Fund factors reviewed by scheme actuary in 2023. | Ongoing           |
| NESPF025 | <p><b>Risk:</b> Employers leaving Scheme or closing to new members</p> <p><b>Causes:</b> Public service cuts to funding, increased pension contribution costs</p>                   | <ul style="list-style-type: none"> <li>Management through Covenant Assessment and Monitoring Policy (within FSS)</li> </ul>   | 2            | 4          | 8     | ↔        | TREAT    | New flexibilities, guarantors in place, new Termination Policy and current funding position.  | Ongoing           |

| Code     | Risk Description   | Mitigating Controls  | Current Risk |            |       |          | Approach        | Additional Actions/Latest Notes   | Owner & Timescale |
|----------|--|--|--------------|------------|-------|----------|-----------------|---|-------------------|
|          |  |  | Impact       | Likelihood | Score | Movement |                 |   |                   |
|          | <b>Potential Impact:</b> Orphaned liabilities could fall to remaining employers    | <ul style="list-style-type: none"> <li>• Cost Cap mechanism introduced in LGPS regulations</li> <li>• Termination Policy reassessed in line with the 2023 Fund Valuation</li> </ul>  |              |            |       |          |                 |   |                   |
| NESPF026 | <b>Risk:</b> Longevity   | <ul style="list-style-type: none"> <li>• Tri-ennial valuation undertakes scheme specific analysis including review of life expectancy/mortality assumptions which are set with some allowance for increases</li> </ul>   | 2            | 2          | 4     | ↔        | <b>TOLERATE</b> | Demographic assessment carried out by the scheme actuary in 2022/23 which was fed into 2023 valuation.  | <b>Ongoing</b>    |
|          | <b>Causes:</b> Increasing life expectancy rates                                    |  |              |            |       |          |                 |   |                   |
|          | <b>Potential Impact:</b> Increase in employer contribution rates and liabilities   |  |              |            |       |          |                 |   |                   |
| NESPF027 | <b>Risk:</b> Employer contributions not received, collected or recorded accurately | <ul style="list-style-type: none"> <li>• Internal escalation procedures</li> <li>• Breaches policy and register<br/>Monthly data submission reconciled by ERT</li> <li>• Quarterly PAS reporting to Committee &amp; Board</li> <li>• Ongoing training provided by dedicated ERT to scheme employers</li> <li>• Employer Briefings</li> </ul> | 2            | 3          | 6     | ↔        | <b>TREAT</b>    | LGPS (Scotland) Regulations delivered Summer 2022 to help manage risk.<br><br>New employer contribution rates put in place following 2023 valuation. All employer contribution requirements reduced for inter-valuation period 2024-27. | <b>Ongoing</b>    |
|          | <b>Causes:</b> Lack of staff resources, training issues                            |  |              |            |       |          |                 |   |                   |
|          | <b>Potential Impact:</b> Orphaned liabilities could fall to remaining employers    |  |              |            |       |          |                 |   |                   |



| Code     | Risk Description  | Mitigating Controls   | Current Risk |            |       |          | Approach | Additional Actions/Latest Notes   | Owner & Timescale |
|----------|---|---|--------------|------------|-------|----------|----------|---|-------------------|
|          |   |   | Impact       | Likelihood | Score | Movement |          |   |                   |
| NESPFO28 | <b>Risk:</b> Failure to maintain member records; data incomplete or inaccurate  | <ul style="list-style-type: none"> <li>Monthly data from employers which is reconciled by ERT</li> <li>Quarterly PAS reporting to Committee &amp; Board</li> <li>Data quality improvement plan implemented</li> <li>Data readiness assessment for Pensions Dashboard Project</li> </ul> | 3            | 2          | 6     | ↔        | TREAT    | Work is ongoing to ensure records are as up to date as possible in readiness for Pensions Dashboard connection by 2026. | Ongoing           |
|          | <b>Causes:</b> Lack of staff resources, training issues   |   |              |            |       |          |          |   |                   |
|          | <b>Potential Impact:</b> Incorrect pension payments, incorrect assessment of actuarial liabilities, reputational damage, tPR action               |   |              |            |       |          |          |   |                   |
| NESPFO29 | <b>Risk:</b> The Fund is unable to adequately comply with required administrative processes owing to McCloud judgement                            | <ul style="list-style-type: none"> <li>SAB and other industry guidance</li> <li>Early and ongoing communication with employers</li> <li>McCloud project team created</li> </ul>   | 2            | 2          | 4     | ↔        | TREAT    | Now "Live" with McCloud. Majority of historic recalculations completed.   | Ongng             |
|          | <b>Causes:</b> Not having the required historic data, adequate resources, sufficient guidance   |   |              |            |       |          |          |   |                   |
|          | <b>Potential Impact:</b> Breaches and potential action by tPR, increase in liabilities, incorrect pension entitlements, damage to Fund reputation |   |              |            |       |          |          |   |                   |

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North East Scotland Pension Fund  
**nespf**

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# **Pension Administration Strategy**

**Quarterly Reporting to 30<sup>th</sup> September 2024**

# 1. NESPF performance from 1<sup>st</sup> April to 30<sup>th</sup> September

## 1.1 Key administration tasks

Measuring performance is essential to evidence the efforts made by both the Pension Fund and Scheme employers to comply with statutory requirements and deliver a high-quality pension administration service.

| Measurement and Target  | Cases completed | Within target | Percentage achieved | Outwith target | Average days over target | Previous period percentage | Percentage movement |
|---|-----------------|---------------|---------------------|----------------|--------------------------|----------------------------|---------------------|
| Death In Service notification within 5 working days                             | 18              | 17            | 94.4%               | 1              | 2.00                     | 100.0%                     | -5.6%               |
| Death of Deferred/Pensioner notification within 5 working days <span>New</span> | 158             | 153           | 96.8%               | 5              | 12.00                    | 94.4%                      | 2.4%                |
| Deferred Benefit Care Only within 60 days <span>New</span>                      | 418             | 417           | 99.8%               | 1              | 5.00                     | 100.0%                     | -0.2%               |
| Deferred Benefit Final Salary within 60 days <span>New</span>                   | 230             | 225           | 97.8%               | 5              | 16.00                    | 100.0%                     | -2.2%               |
| Deferred Benefit notification within 10 working days                            | 643             | 633           | 98.4%               | 10             | 4.30                     | 97.5%                      | 0.9%                |
| Refund within 10 working days   | 318             | 313           | 98.4%               | 5              | 8.60                     | 98.4%                      | 0.0%                |
| Retirement Benefit within 10 working days                                       | 860             | 702           | 81.6%               | 158            | 5.51                     | 71.5%                      | 10.1%               |
| Retirement Estimate within 10 working days                                      | 213             | 213           | 100.0%              |                |                          | 100.0%                     | 0.0%                |
| Transfer In quotation within 10 working days                                    | 16              | 13            | 81.3%               | 3              | 26.67                    | 84.6%                      | -3.4%               |
| Transfer Out quotation within 10 working days                                   | 136             | 106           | 77.9%               | 30             | 28.07                    | 87.8%                      | -9.9%               |
| <b>Totals</b>   | <b>3010</b>     | <b>2792</b>   | <b>92.8%</b>        |                |                          | <b>88.3%</b>               | <b>4.5%</b>         |

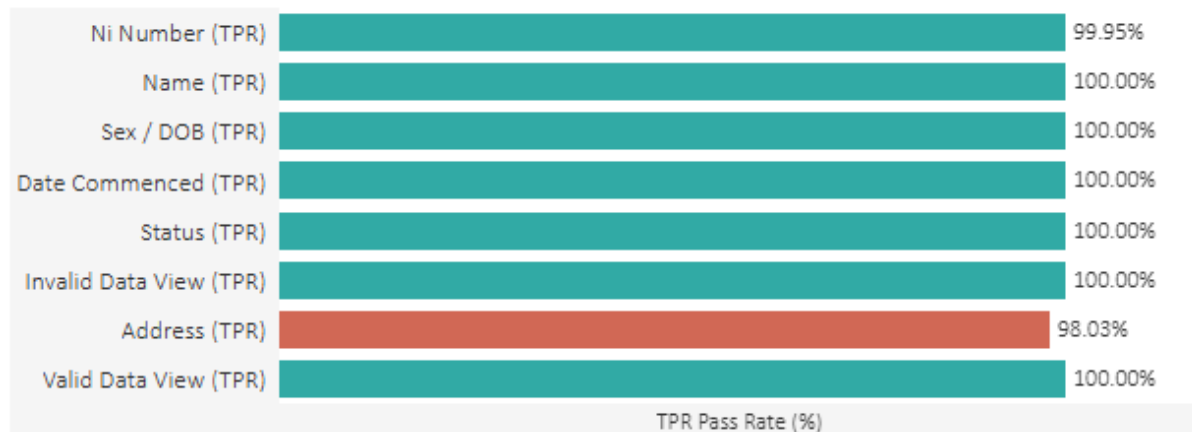
### Percentage Analysis

- Overall percentage achieved at 92.8% is up 4.5% on previous quarter and above the 90.5% achieved for 2023/24.

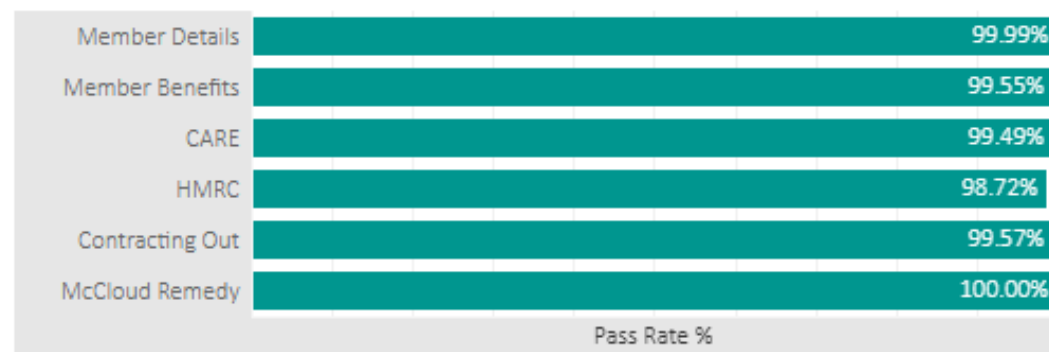
## 1.2 Data quality

The Pension Regulator (TPR) requires Common and Scheme Specific data to be measured and reported annually in October.

**Common Data Score = 98.7% (TPR target 100%)**



**Scheme Specific Data Score = 98.9% (TPR target 100%)**



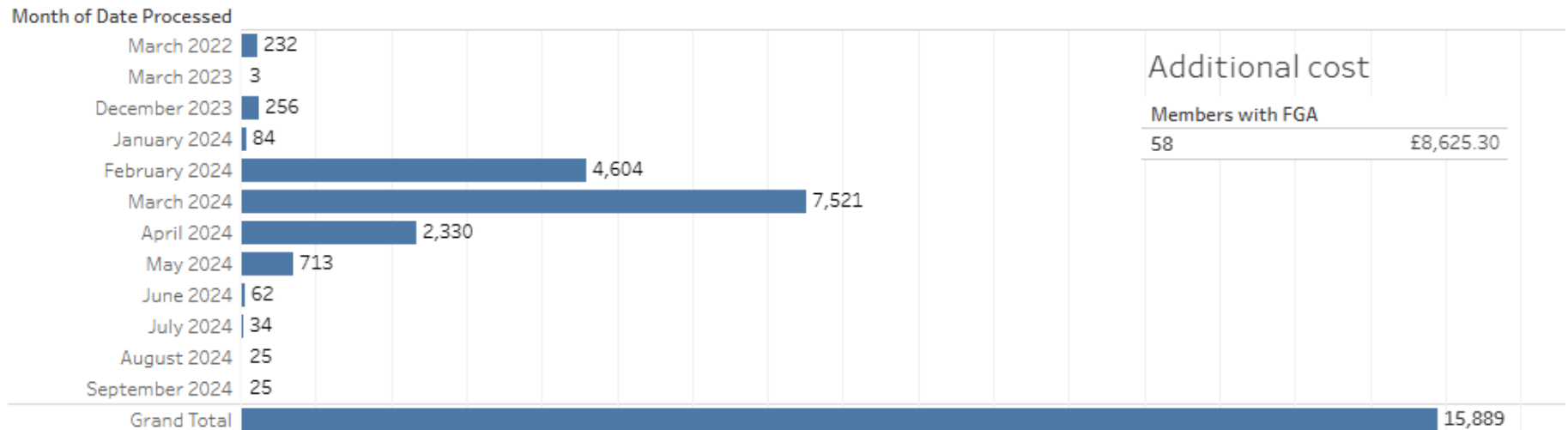
### 1.3 McCloud remedy

In December 2018 the Court of Appeal ruled in *McCloud v Ministry of Justice* that “transitional protection” offered to some members as part of pension reform amounted to unlawful discrimination. In July 2019 following employment tribunal Government stated difference in treatment would be remedied across all public sector schemes.

This dashboard provides an update on progress made to extend protections by recalculating benefits for all eligible members in accordance with The Local Government Pension Scheme (Remedial Service) (Scotland) Regulations 2023.

The bar chart below shows the number of calculations completed by the Fund so far, the number of members who qualified for a final guaranteed amount (where member is better off because benefits calculated under Final Salary rules exceed those calculated under Care rules) and the additional cost of all final guaranteed amounts.

#### Calculations completed



## 1.4 Members online

This dashboard shows members that have registered for online self service and those that have migrated to *My Pension+* which went live on 26 June 2023.

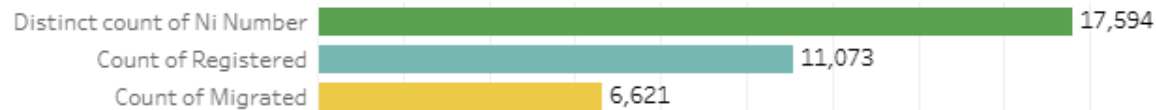
### Actives



### Percentages

|                    |       |
|--------------------|-------|
| Registered members | 66.5% |
| Migrated members   | 70.4% |

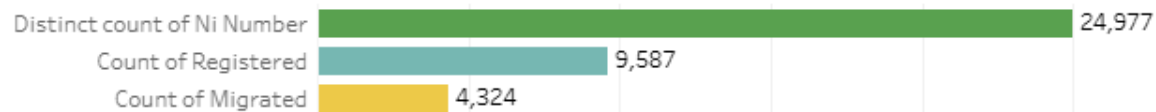
### Deferreds



### Percentages

|                    |       |
|--------------------|-------|
| Registered members | 62.9% |
| Migrated members   | 59.8% |

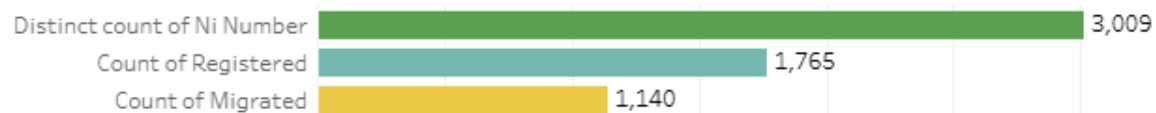
### Pensioners & Dependants



### Percentages

|                    |       |
|--------------------|-------|
| Registered members | 38.4% |
| Migrated members   | 45.1% |

### Undecided Leavers



### Percentages

|                    |       |
|--------------------|-------|
| Registered members | 58.7% |
| Migrated members   | 64.6% |

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## Data Quality Improvement Plan 2024

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### 1. Introduction

The quality of data held by the North East Scotland Pension Fund (NESPF) impacts directly on scheme administration. Inaccurate information leads to inaccurate calculations, administrative delays and poor customer service. In addition, holding incorrect or incomplete data could affect all aspects of the Fund including having financial, legal, operational and reputational impacts.

It is therefore essential that measuring and improving the accuracy of the information held on an ongoing basis is an administrative priority of the Fund.

In addition to the above, the Pensions Regulator (tPR) is responsible for ensuring that Funds meet their legal requirements around maintaining data quality. Within the public sector environment, tPR have focused on this issue over the last few years. The new tPR General Code of Practice came into force from 28 March 2024. The Code requires Funds to monitor their data on an ongoing basis for accuracy and completeness. In addition it requires data held to be reviewed at least annually with a data quality improvement plan to be put in place to address any issues found.

### 2. Data Collection

The NESPF collects data from employers in respect of active members on a monthly basis through our secure online facility i-Connect. This system, which is currently being used by all participating employers, ensures that member data is received in a timely manner and is provided in a valid and accurate format. Collecting data in this way has had a huge impact on the quality of the data held by the Fund and will ensure it remains a high quality into the future.

The high quality of data held by the Fund had a direct impact on the triennial valuation carried out as at 31 March 2023. The valuation was carried out well within the agreed timelines and with very few queries received from the actuary on the data provided. The quality of the data held by the Fund enabled both the Pension Fund and the actuarial team to have confidence in not only being able to deliver the exercise in a timely manner, but also in the accuracy of the results received.

As a result of changes to the scheme following recent legal proceedings (McCloud Judgement) and the imminent requirement to participate in the national pension dashboard the Fund continues to face challenges in administration. At the core of both of these large scale exercises is data and the success of meeting these requirements depends on the quality of the data held.

To meet the requirements of the additional projects, as well as the ongoing objectives of the NESPF and tPR, the following data improvement plan is to be implemented.

### 3. NESPF Objectives

1. To maintain the accuracy of members records to ensure that benefits held and paid are correct;
2. To meet the regulatory requirements of pension administration including the Pension Regulator's General Code;
3. To provide comfort to the administering authority and participating employers in the accuracy of the actuarial results based on the quality of the data provided; and
4. To ease the administrative burden of incomplete or inaccurate records.

### 4. Data Types

Data held by a Fund can be split into two different categories for measurement of quality:

1. **Common Data:** These data items are prescribed by tPR guidance and are the identifying fields for members.
2. **Scheme Specific Data (Conditional Data):** These fields are relevant to the calculation of member benefits and there is currently no prescribed list of scheme specific data fields for the Local Government Pension Scheme (LGPS).

### 5. Measuring Data Quality

From September 2021, the Fund have assessed the quality of the data held on the system using the data quality dashboard available through Altair Insights. Insights uses a suite of tests against the data held to determine the validity of the information held for each members record. Missing or invalid data is available to the Fund through the dashboard and the accompanying reports.

It is important to understand that although the data quality tests can identify missing, incomplete or invalid information it is not able to test this data for accuracy. Accuracy of data held on the system is reliant upon the system calculations, Fund officer training and checking of member records as part of the administration and processing.

## 6. Data measured by NESPF

| Common Data  | Scheme Specific Data  |
|--|---|
| NI Number (includes temporary National Insurance numbers (TN) which are classed as missing data) | Active members with zero actual pay   |
| Surname  | Active members with missing or invalid member contribution rate                   |
| Forenames/initials   | Active members with inconsistency between member status and exit data             |
| Sex  | Deferred members with no date of leaving  |
| Date of birth  | Deferred members with zero pension  |
| Date started pensionable service   | Deferred members with inconsistency between member status and exit data           |
| Retirement date  | Deferred members with Guaranteed Minimum Pensions (GMP) expected based on service |
| Membership status  | Undecided leavers with zero pension   |
| Last status event  | Undecided leavers with inconsistency between member status and exit data          |
| Address (includes Gone Away which are classed as missing data)                                   | Pensioner members with no retirement date   |
| Postcode   | Pensioner members with zero pension   |
|  | Pensioner members with GMP expected based on service                              |
|  | Dependant members with zero pension   |

## 7. Data Score

From 2018 both Common and Scheme Specific Data scores were required to be included in the Pensions Regulator's annual scheme return. The scores declared by the NESPF for the last few years are as follows:

| Data Type            | 2021  | 2022   | 2023   | Target |
|----------------------|-------|--------|--------|--------|
| Common Data          | 98.1% | 97.9%  | 98.7%  | 100%   |
| Scheme Specific Data | 98.8% | 99.15% | 99.12% | 100%   |

The 2023 common data score has improved by 0.8% from 2022. This is as a result of a decrease in the number of 'gone away' members that are held on the administration database. A large scale tracing exercise with an external tracing agency took place between September and November 2023, which helped

the Fund to make contact with a number of 'lost' members. Work is still ongoing in relation to this exercise, therefore further improvement to this score is expected.

The high score for scheme specific data score has remained relatively stable from 2022 to 2023.

The Employer Relationship Team will seek to improve the scores further in the forthcoming year by investigating and fixing the errors identified as part of the suite of Insight reports.

## **8. Reporting**

The data quality improvement plan is approved at Committee level and it is expected that, from September 2024 onwards, an update will be included in the Committee papers on a quarterly basis alongside the Pension Administration Strategy (PAS) report.

The plan will be updated annually in January of each year and brought to Committee for approval in March or June.

## DATA QUALITY IMPROVEMENT PLAN

| Objective                            | Action   | Timetable  | Area of responsibility & resource requirements | Financial implications   |
|--------------------------------------|--|--|--|--|
| Address Tracing                      | Following on from the external tracing exercise completed at the end of 2023 further work is to be undertaken to verify 'traced' addresses to complete one off exercise.   | To be completed by 31 March 2024   | Employer Relationship Team                     | Printing and staff costs (in house)  |
| Insights Data Quality Dashboard      | <p>Altair Insights reporting tool and the standard tests set up to create the dashboard will be used to provide data quality scores for the Annual Scheme Return.</p> <p>The detailed reports list any errors found and will be used to cleanse the data held on an ongoing basis ensuring that both current and historical data is valid.</p> | <p>Ongoing requirement for data scores to be provided to tPR (annual return) every September</p> <p>Project to improve historic data and data scores to take place between March and December 2024</p> | Employer Relationship Team                     | No additional costs expected (Insights is used for all administrative reporting and is used across the Fund) |
| National Insurance Database Exercise | <p>Using the NI database the Fund will identify where members have benefits with other Scottish LGPS Funds resulting in transfer/joining of records.</p> <p>This initial exercise will be used to tidy up historical issues and prepare for becoming "dashboard ready". On an ongoing basis</p>  | October 2025   | Benefits Team                                  | No additional cost expected (will result in increased transfers in and out between Scottish Funds)           |

|  |   |                               |  |  |
|--|---|-------------------------------|--|--|
|  | the use of the database is being incorporated into administration procedures and under constant monitoring.   |                               |  |  |
| Undecided Leavers (Status 2 records)<br>Concurrent and Joins (backlog) | Actively addressing the backlog of unprocessed cases in advance of the 2026 valuation.<br><br>To include process review.  | May 2024 – March 2026         | Benefits Team  | No additional staffing costs.  |
| Arrears (backlog)  | Following the pay award in November/December 2023, to recalculate pensions and deferred benefits as well as refunds, to take into account the additional contributions and pay received.  | March 2025                    | Employer Team & Benefits Team                          | No additional staffing costs.  |
| Frozen Leaver Exercise (Status 9 records)                              | Following completion of the tracing exercise an ongoing exercise will be carried out by the trained assistants to contact members with unclaimed refunds on an annual basis.<br><br>Exercise will be carried out using Insights reporting       | October - ongoing             | Systems Team   | No additional staffing costs.  |
| Dashboard Preparation  | With the introduction of the national UK pensions dashboard, which the LGPS schemes are expected to connect the “eco-system” to by end September 2025, there will be a requirement for data to be of a high quality to ensure that pensions are | January 2025 – September 2025 | Systems Team/Employer Relationship Team/ Benefits Team | Data rectification costs unknown.<br><br>No further staff resources required at this time. |

|                                 |   |  |                            |   |
|---------------------------------|---|--|----------------------------|---|
|                                 | <p>found and accurate figures are provided via the dashboards.</p> <p>Significant work to be undertaken in advance of the 2025 date to ensure that the NESPF data is dashboard ready and that resources are allocated to deal with the impact of this national product launch.</p>  |  |                            |   |
| McCloud Project (rectification) | <p>Following the comprehensive review to identify missing service data and process the McCloud information onto Altair, further work to be carried out to apply guaranteed benefits to any affected retirements, deaths, divorces and transfers.</p> <p>NESPF in a good position around McCloud and have implemented the remedy into the Live system in respect of future leavers.</p> <p>The majority of work has been undertaken in advance of Pensions Increase 2024 to ease the administration burden and NESPF are well placed in advance of the requirements to include McCloud in the 2025 annual benefits statements.</p> | <p>Regulations effective from October 2023</p> <p>Rectification to be completed by March 2025</p> <p>Transfer work to be undertaken once system development is carried out.</p> <p>Work on future leavers is ongoing</p> | All operational teams      | In house staff used for all aspects of the regulatory requirements including systems testing, data checking and processing of McCloud tranche/rectification data view and underpin. |
| AVC Reconciliation              | <p>Reconciliation of AVC contracts with Prudential and Standard Life in line with year end.</p> <p>Since 2020 Prudential have experienced issues with providing fund values as at 31 March as part of the year end process. The issues were caused by implementing a new</p>  | July – October 2024  | Employer Relationship Team | No additional costs expected.   |

|                     |  |                          |                    |   |
|---------------------|--|--------------------------|--------------------|---|
|                     | <p>system. Work is ongoing to rectify, however this has impacted on the ability to reconcile to data held by NESPF. The ongoing use of i-Connect within the Fund ensures that the data is as accurate as possible.</p> <p>Once information is provided as at 31 March 2024 a comprehensive review/reconciliation will be undertaken.</p> |                          |                    |   |
| Mortality tracing   | Monthly mortality tracing, carried out in conjunction with ATMOS data services is to be revised from late 2023 to include additional checks by the provider.   | Ongoing                  | Operations Manager | Cost of ATMOS tracing is £0.20 per member. Mortality tracing is carried out monthly and is part of the requirements of scheme administration and the insurance 'buy in' with Rothesay Life. |
| Start Date Exercise | In accordance with an audit requirement (2021/22) all start dates for members on the database system prior to the introduction of i-Connect will be checked against the scanned documents or checked with the employer for accuracy.   | Deadline - December 2025 | Systems Team       | No additional cost – large scale exercise to be completed by Pension Assistants   |

Claire Mullen – Employer Relationship Manager – October 2024 – Version 1.5



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