

PENSIONS COMMITTEE AND PENSION BOARD

ABERDEEN, 14 June 2019. Minute of Meeting of the PENSIONS COMMITTEE AND PENSION BOARD. Present:- Councillor Malik, Convener; Councillor Reynolds, Vice-Convener; Councillor Barney Crockett, the Lord Provost; and Councillors Bell, Cooke, Donnelly, Flynn and MacGregor (Pensions Committee); and Councillor McKelvie, Chairperson; Mrs M Lawrence, Vice Chairperson; Councillor Allan; and Mr L Knox, Mr N Stirling and Mr A Walker (Pension Board).

Also in attendance:- Jonathan Belford, Chief Officer – Finance; Laura Colliss, Pensions Manager; Graham Buntain, Investment Manager; David Hughes, Chief Internal Auditor, Internal Audit; and Colin Morrison, Senior Auditor, Audit Scotland.

The agenda and reports associated with this minute can be found [here](#)

Please note that if any changes are made to this minute at the point of approval, these will be outlined in the subsequent minute and this document will not be retrospectively altered.

WELCOME

1. The Convener welcomed Councillor Flynn to his first meeting since replacing Councillor Allard on the Committee, and further welcomed Mr Neil Stirling who had joined the Pension Board as the GMB representative following the resignation of Mr Kevin Masson.

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 12 (Asset and Investment Manager Performance Report; 13 (Procurement of I-Connect Software); 14 (Merger of the Aberdeen City Council Transport Fund with the Strathclyde No. 3 Fund); and 15 (North East Scotland Pension Fund – Office Accommodation).

The Committee resolved:-

in terms of Section 50(A)(4) of the Local Government (Scotland) Act 1973, to exclude the press and public from the meeting during consideration of the above-mentioned items so as to avoid disclosure of exempt information of the class described in paragraphs 6 (item 12), 8 (items 13 and 14) and 9 (item 15).

The Board resolved:-

to note the decision of the Committee.

DECLARATIONS OF INTEREST

3. There were no declarations of interest.

PENSIONS COMMITTEE AND PENSION BOARD

14 June 2019

MINUTE OF PREVIOUS MEETING

4. The Committee had before it the minute of its previous meeting of 15 March 2019.

The Committee resolved:-

to approve the minute as a correct record.

The Board resolved:-

to note the decision of the Committee.

BUSINESS PLANNER

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

The Committee resolved:-

to note the planner.

The Board resolved:-

to note the decision of the Committee.

STRATEGY - PC/JUN19/STRAT

6. With reference to article 8 of the minute of its previous meeting, the Committee had before it a report by the Director of Resources which provided an update on any changes to the North East Scotland Pension Fund and the Aberdeen City Council Transport Fund strategies.

The report provided an update on the consultation responses from employers and employee bodies on the Local Government Pension Scheme (LGPS) Advisory Board (Scotland) Structural Review; revised Government Actuary's Department factors; new guidance for UK administering authorities entitled 'Administration in the LGPS'; 33 breaches of law which had been recorded during 2018/19, none of which were deemed to be of material significance as they mainly related to Scheme employers failing to meet their statutory obligations, for example, late payment of pension contributions; information on Pension Fund staff training in 2018/19; and the annual financial forum held by the Fund on 24 April 2019 in Aberdeen.

Appended to the report was the Pension Administration Strategy Quarterly Update for March 2019; the Pension Board Annual Report and the Risk Register for May 2019.

PENSIONS COMMITTEE AND PENSION BOARD

14 June 2019

The report recommended:-

that Committee review and approve the updates to the Scheme Policy documents as outlined at 3.9.2 in the report, namely:-

- Investment Policy
- Statement of Investment Principles
- Data Protection Policy
- Governance Policy
- Communication Policy
- Reporting Breaches of Law
- Record Keeping Policy
- Training Policy
- Compliance with the Myners Principles

The Committee resolved:-

to approve the recommendation.

The Board resolved:-

to note the decision of the Committee.

TRAINING - PC/JUN19/TRA

7. The Committee had before it a report by the Director of Resources which provided details of the training plan 2019/20 for the Pensions Committee and Board and sought approval for travel to the training sessions as well as revisions to the training policy.

The report recommended:-

that Committee –

- (a) agree the proposed training schedule as set out in sections 3.3 to 3.7 of the report and approve the travel of Members to:-
 - the training session in London in early 2020 (dates to be confirmed);
 - attend external training opportunities; and
 - attend Local Authority Pension Fund Forum meetings;
- (b) approve the revised Training Policy for Pensions Committee and Board members as set out in Appendix 1 to the report; and
- (c) agree to undertake the online e-learning Public Service toolkit produced by the Pensions Regulator as soon as possible and provide evidence of completion to the Pension Fund's Governance Manager.

The Committee resolved:-

to approve the recommendations.

PENSIONS COMMITTEE AND PENSION BOARD

14 June 2019

The Board resolved:-

to note the decision of the Committee.

PENSION GOVERNANCE - INTERNAL AUDIT IA/AC1923

8. The Committee had before it a report by Internal Audit which presented the planned Internal Audit report on Pension Governance.

The Committee heard from Mr David Hughes who spoke to the report. It was noted that the Service had not accepted two of the recommendations from Internal Audit, namely the opportunity to discuss risk registers and risk management annually, as the quarterly risk register was presented to Committee in the Strategy report, and ensuring that statements of Internal Controls were obtained annually as the Service had responded that the cost involved in producing these would be significant to smaller fund managers. Mr Hughes advised that they had noted the response and did not have significant concerns about the recommendations not being agreed. It was noted that it was incumbent on Internal Audit to make recommendations but appropriate for management to have the ability not to agree all recommendations.

The report recommended:-

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

The Committee resolved:-

to note the report.

The Board resolved:-

to note the decision of the Committee.

INTERNAL AUDIT ANNUAL REPORT IA/19/008

9. The Committee had before it a report by Internal Audit which provided the Committee with the Internal Audit Annual Report for the North East Scotland Pension Fund for 2018/19.

The report recommended:-

that Committee note –

- (a) the Annual Report for 2018/19;
- (b) that the Chief Internal Auditor had confirmed the organisational independence of Internal Audit;
- (c) that there had been no limitation to the scope of Internal Audit work during 2018/19; and

PENSIONS COMMITTEE AND PENSION BOARD

14 June 2019

- (d) the progress that management had made with implementing recommendations agreed in Internal Audit reports.

The Committee resolved:-

to approve the recommendations.

The Board resolved:-

to note the decision of the Committee.

COMMITTEE EFFECTIVENESS ANNUAL REPORT - GOV/19/244

10. The Committee had before it a report by the Director of Resources which presented the annual committee effectiveness report for the Pensions Committee for 2018/19.

The report recommended:-

that the Committee note the annual report.

The Committee resolved:-

to approve the recommendation.

The Board resolved:-

to note the decision of the Committee.

DRAFT NESPF ANNUAL REPORT AND ACCOUNTS - PC/JUN19/ARA

11. The Committee had before it a report by the Director of Resources which presented the unaudited Annual Report and Accounts for the North East Scotland Pension Fund and the Aberdeen City Council Transport Fund. The report advised that the audited version of the accounts would be presented to the September meeting for consideration and signing. The Committee heard from Mr Jonathan Belford in respect of the report. Mr Belford added that he wished to put on record his thanks to the team for preparing the information and report. The Convener also added his thanks to officers for a successful year.

The report recommended:-

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

The Committee resolved:-

to note the unaudited Annual Report and Accounts.

PENSIONS COMMITTEE AND PENSION BOARD

14 June 2019

The Board resolved:-

to note the decision of the Committee.

In accordance with the decision taken under article 2 of this minute, the following reports were considered with the press and public excluded.

**ASSET AND INVESTMENT MANAGER PERFORMANCE REPORT -
PC/JUN19/AIMPR**

12. With reference to article 14 of the minute of its previous meeting, the Committee had before it a report by the Director of Resources which provided an overview of the investment activity of both the North East Scotland Pension Fund and the Aberdeen City Council Transport Fund for the three month period ending 31 March 2019.

Appended to the report was information in respect of the NESPF and environmental, social and governance matters and responsible investment. The Committee and Board heard from Mr Buntain, Investment Manager, in respect of the detail contained within the report.

The report recommended:-

that the Committee note the contents of the report.

The Committee resolved:-

- (i) to request that the Investment Manager take forward the points raised by Committee in relation to various environmental, social and governance matters, and to note that these could also be raised at the Local Authority Pension Fund Forum; and
- (ii) to approve the recommendation.

The Board resolved:-

to note the decision of the Committee.

PROCUREMENT OF I-CONNECT SOFTWARE

13. The Committee had before it a report by the Director of Resources which sought approval to enter into a new contract with Heywood for the provision of the I-Connect software to the North East Scotland Pension Fund.

The report recommended:-

that Committee –

PENSIONS COMMITTEE AND PENSION BOARD

14 June 2019

- (a) approve the award of a new contract with Heywood as the provider of the I-Connect software for a period of 8 years and 7 months (in line with the remaining term on the main Altair contract); and
- (b) approve the expenditure as set out in sections 3.8 and 3.9 of the report.

The Committee resolved:-

to approve the recommendations.

The Board resolved:-

to note the decision of the Committee.

MERGER OF THE ABERDEEN CITY COUNCIL TRANSPORT FUND WITH THE STRATHCLYDE NO 3 FUND

14. With reference to article 8 of the minute of its previous meeting, the Committee had before it a report by the Director of Resources which sought approval for the merger of the Strathclyde No.3 Fund into the Aberdeen City Council Transport Fund and procurement of a buy-in for the combined pensioner liabilities.

The report recommended:-
that Committee approve –

- (a) the merger of the Strathclyde No.3 Fund into the Aberdeen City Council Transport Fund;
- (b) admitted body status for First Glasgow; and
- (c) the procurement of a buy-in for the combined current and future pensioner liabilities.

The Committee resolved:-

to approve the recommendations.

The Board resolved:-

to note the decision of the Committee.

NORTH EAST SCOTLAND PENSION FUND - OFFICE ACCOMMODATION

15. With reference to article 8 of the minute of its previous meeting, the Committee had before it a report by the Director of Resources which set out the review of the governance arrangements of the Pension Funds and options to strengthen controls, manage risk and support the ongoing development of the in-house capabilities of the Fund. The report considered the accommodation aspects of the Fund and its ability to address all the governance arrangements from its current accommodation.

PENSIONS COMMITTEE AND PENSION BOARD

14 June 2019

The report recommended:-

that the Committee –

- (a) provisionally approve Option 1 as set out in the report as the preferred option for the relocation of the NESPF, subject to:-
- (b) instructing the Chief Officer – Finance to work with the Chief Officer – Corporate Landlord to plan the layout of the accommodation in the preferred option, within a design budget of £30,000; and
- (c) to report to Committee no later than the September Committee with final costings, to include the fit out of the office space.

The Committee resolved:-

- (i) to note that the report in September would provide further information in respect of any risks associated with the accommodation move; and
- (ii) to approve the recommendations.

The Board resolved:-

to note the decision of the Committee.

- **COUNCILLOR M. TAUQEER MALIK, Convener**