

ABERDEEN CITY COUNCIL

COMMITTEE	PENSIONS COMMITTEE
DATE	20 MARCH 2020
EXEMPT	NO
CONFIDENTIAL	NO
REPORT TITLE	STRATEGY
REPORT NUMBER	PC/MAR20/STRAT
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CHIEF OFFICER	JONATHAN BELFORD
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TERMS OF REFERENCE	PENSIONS COMMITTEE REMIT 1-5

1. PURPOSE OF REPORT

- 1.1 To inform the Committee and provide recommendations to changes to the North East Scotland Pension Fund and the Aberdeen City Council Transport Fund.

2. RECOMMENDATION

That the Committee: -

- 2.1 Note the data quality scores reported to the Pensions Regulator and the update to the Data Quality Improvement Plan for reassurance (3.10.1)

3. BACKGROUND

- 3.1 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
- Technical
- Governance
- Employer Relations

- 3.2 The roles and responsibilities within these areas have been very clearly defined to ensure accountability across the Pension Fund.
- 3.3 The Pensions Committee will be comprehensively informed via this report as to the current position and any variances to the Funds strategy and recommendations. To support this report service updates covering the six strategic areas will also be available via the secure website (<http://www.nespf.org.uk/TheFund/Governance/fundgovernance.aspx>) and email.
- 3.4 Also available on the Pension Fund website are all the Policy documents that govern the Pension Fund including its various strategies.

3.5 **INVESTMENT**

3.5.1 *Asset & Investment Manager Performance Report*

Separate Report, provided

3.5.2 **Firstbus Merger/Buy-in – Verbal Update**

A progress update will be provided to the Committee on the Firstbus merger/buy-in (Project Dallas)

3.5.3 **Local Authority Pension Fund Forum (LAPFF)**

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

3.6 **ACCOUNTING**

3.6.1 *Budget/Forecast 2019/20 Report Statement of Accounts 2019/20 – Action Plan*

Separate Reports, provided

3.7 **BENEFIT ADMINISTRATION**

3.7.1 **Local Government Pension Scheme Regulations**

- 3.7.1.1 Scottish Public Pensions Agency have launched a consultation to seek the views of stakeholders on changes to the valuation cycle. In 2019, the UK Government directed that the LGPS schemes' statutory valuations should move to a quadrennial (four yearly) cycle. Furthermore, the consultation seeks to assess the impact of changes introduced in the LGPS (Scotland) Regulations 2018, which provide administering authorities with the option of suspending an employer's liability to pay an exit payment when managing the process of an employer exiting the scheme.

Fund Officers will prepare a response on behalf of the Fund which will be submitted by the deadline of 9 March 2020.

3.8 **TECHNICAL**

3.8.1 *Appendix I*, Pensions Administration Strategy Update

3.8.2 **Enhanced Administration to Payroll (EA2P)**

Testing is now underway following delivery of the EA2P module into the Altair administration system test environment. Project completion and delivery into the Live environment is on course for March 2020. This will ensure we comply with audit requirement 2.4.8 of the internal audit Pensions System report (AC1827).

3.8.3 **NESPF website Update**

Following Committee approval in November 2018 (PC/NOV18/WEB) and a thorough procurement process, Officers have now appointed a provider to deliver the new NESPF website. As part of this, a branding exercise will be conducted. This involves the design of a new logo and brand guidelines to ensure a consistent and memorable look and feel to all Fund communication materials. The costs for the branding exercise will be met from the website budget approved by Committee in November. The new website is due to be launched in April/May 2020.

3.9 **GOVERNANCE**

3.9.1 **Scheme Advisory Board**

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

3.9.2 **Pension Fund Staff Training 2019/20**

3.9.2.1 Individual staff training and development continued throughout 2019/20. This included external buy-in training by Mercer, as well internal training on customer service, concurrents (where a member has more than 1 employment), reportwriter and an annual GDPR refresher.

3.9.2.2 In addition, senior staff are due to attend an external training session on 5 March at the offices of one of our external legal providers covering a range of member and employer topics including death grants and member complaints through to admission agreements and exit payments. This training was provided free of charge as part of the ACC external legal services framework. A number of staff will also log in to the training by webinar.

Trainee Pensions Officers/Staffing

3.9.2.3 A TPO successfully completed their 2nd year exam in November 2019, becoming a fully qualified and highly trained Pensions Officer.

3.9.2.4 The Fund currently has one TPO in the training programme, with a further 2 to be recruited in 2020 to fill existing vacancies. Fund Officers are currently investigating the option to utilise one of these posts for a modern apprenticeship whilst the other is out for internal advertisement.

3.9.2.5 The current staffing structure was approved by Committee in March 2019 (PC/MAR19/STRAT).

3.9.3 Annual Governance Review

Review of NESPF Compliance with the Public Service Pensions Act 2013 and the Pensions Regulator Code of Practice 14.

Separate report, provided

3.9.4 Fraud, Whistleblowing and Breaches of the Bribery Act

There have been no cases during the year 2019/20.

3.9.5 Annual Document Review

Scheme Policy documents will be reviewed following implementation of the new NESPF website and rebranding exercise. These will be brought forward to the next Committee meeting for approval.

3.10 EMPLOYER RELATIONSHIP

3.10.1 Data Quality Improvement Plan

The Data Quality Scores for NESPF are reported to The Pensions Regulator as part of Annual Scheme Return. For 2018/19 the Fund scores were:

Common Data	98.3%
Scheme Specific Data	97.1%

The above scores reflect the amount of work undertaken by the Fund, in particular the Employer Relationship Team, to obtain monthly information and carry out regular reconciliation to clean up scheme data.

An update to the Data Quality Improvement Plan, approved by Committee in March 2019 (PC/MAR19/STRAT) is attached at *Appendix II*.

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 no direct legal implications arising from the recommendation in this report.

6. MANAGEMENT OF RISK

- 6.1 The Pension Fund regularly updates its Risk Register in line with change and is reported quarterly to the Pensions Committee.

Appendix III, Copy of Risk Register (February 2020)

7. OUTCOMES

Design Principles of Target Operating Model	
	Impact of Report
Governance	This report links to the 'governance' design principle by ensuring transparency and by providing the necessary information to allow informed decisions to be made and implemented, including performance and improvement measures.

8. IMPACT ASSESSMENTS

Assessment	Outcome
Equality & Human Rights Impact Assessment	Not required
Data Protection Impact Assessment	Not required
Duty of Due Regard / Fairer Scotland Duty	Not applicable

9. BACKGROUND PAPERS

None

10. APPENDICES

Appendix I, PAS Update Quarter 3 Report 2019/20
Appendix II, Data Quality Improvement Report Update
Appendix III, Copy of Risk Register (February 2020)

11. REPORT AUTHOR CONTACT DETAILS

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