

PENSIONS COMMITTEE AND PENSION BOARD

ABERDEEN, 25 June 2021. Minute of Meeting of the PENSIONS COMMITTEE AND PENSION BOARD. Present:- Councillor Malik, Convener; Councillor Reynolds, Vice-Convener; Councillor Barney Crockett, the Lord Provost (to article 9) and Councillors Bell, Cooke, Delaney, Henrickson, MacGregor and Wheeler (Pensions Committee); and Councillor McKelvie, Chairperson; Mr N Stirling, Vice Chairperson; Councillor Allan; and Mr I Hodgson, Mr L Knox, Mrs M Lawrence and Mr A Walker (Pension Board).

Also in attendance:- Laura Colliss, Pensions Manager; Graham Buntain, Investment Manager; and Gillian Woolman and Colin Morrison, 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.

ORDER OF AGENDA

1. The Convener advised that it was his intention to take item 9.1 (Training Update) first on the agenda.

The Committee resolved:-

to note the decision of the Convener.

The Board resolved:-

to note the decision of the Committee.

DETERMINATION OF EXEMPT BUSINESS

2. The Committee was requested to determine that the following item of business which contained exempt information as described in Schedule 7(A) of the Local Government (Scotland) Act 1973 be taken in private – item 11.1 (Asset and Investment Manager Performance Report).

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 item so as to avoid disclosure of exempt information of the class described in paragraph 6.

The Board resolved:-

to note the decision of the Committee.

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DECLARATIONS OF INTEREST

3. There were no declarations of interest.

MINUTE OF PREVIOUS MEETING OF 26 MARCH 2021

4. The Committee had before it the minute of its previous meeting of 26 March 2021 for approval.

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.

TRAINING - PC/JUN21/TRA

6. The Committee had before it a report by the Director of Resources which provided details of the training plan (2021/22) for the Pensions Committee and Pension Board of the North East Scotland Pension Fund.

The report recommended:-

that Committee –

- (a) agree the proposed training schedule (as set out in items 3.3-8), subject to latest Scottish Government travel advice, and:
- approve the travel of members to the training session in London;
 - approve the travel of members to attend external training opportunities; and
 - approve the travel of members to attend LAPFF meetings; and
- (b) note the requirement to have completed the Pensions Regulator online training in line with the Training Policy (as set out at 3.9 in the report).

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The Committee resolved:-

to approve the recommendations.

The Board resolved:-

to note the decision of the Committee.

INTERNAL AUDIT ANNUAL REPORT 2020/21 - IA/21/007

7. The Committee had before it a report by the Chief Internal Auditor which presented the Internal Audit Annual Report for the North East Scotland Pension Fund for 2020/21.

The Committee heard from Mr Colin Harvey, Chief Internal Auditor (Interim) in relation to the report.

The report recommended:-

that Committee –

- (a) note the Annual Report for 2020/21;
- (b) note that the Chief Internal Auditor has confirmed the organisational independence of Internal Audit;
- (c) note that there had been no limitation to the scope of Internal Audit work during 2020/21; and
- (d) note the progress that management had made with implementing recommendations agreed in Internal Audit reports.

The Committee resolved:-

- (i) to note that the outstanding action in relation to the recommendation that all officers involved in preparing and reviewing investment proposals complete declarations of interest (page 24 of the report refers) had been resolved since the report had been published; and
- (ii) to approve the recommendations.

The Board resolved:-

to note the decision of the Committee.

INTERNAL AUDIT PLAN 2021/22 - IA/21/006

8. The Committee had before it a report by the Chief Internal Auditor which set out the Internal Audit Annual Plan for 2021/22. The plan proposed work in relation to the Pensions System, to consider whether appropriate control was being exercised over the system used to administer the Fund, including access, contingency planning and disaster recovery, data input, and that interfaces to and from other systems were accurate and properly controlled.

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The Committee heard from Mr Harvey in relation to the report.

The report recommended:-

that Committee approve the attached Internal Audit Plan for 2021/22.

The Committee resolved:-

to approve the recommendation.

The Board resolved:-

to note the decision of the Committee.

INTERNAL AUDIT REPORT - PENSIONS PAYROLL - IA/AC2107

9. The Committee had before it a report by the Chief Internal Auditor which presented the Internal Audit report on Pensions Payroll which had been undertaken to provide assurance that appropriate arrangements were in place to ensure the accuracy and appropriateness of payments made to scheme members. This had involved testing of new and on-going pensions, and transfer and termination of pension payments.

The audit had set out several recommendations and the report included the management response to these.

The report recommended:-

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

Members discussed the content of the report.

The Committee resolved:-

to note the report.

The Board resolved:-

to note the decision of the Committee.

UNAUDITED NESPF ANNUAL REPORT & ACCOUNTS - PC/JUN21/ARA

10. 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.

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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:-

- (i) to note the COVID-19 outbreak brought the start of a period of significant market volatility, which led to asset values dropping for the North East Scotland Pension Fund (NESPF);
- (ii) to note the Fund rebounded strongly with total asset value increasing from £4.4 billion to £5.7 billion as at 31 March 2021 which provided, according to actuarial valuation, a funding level of 103% for NESPF;
- (iii) to note the asset value for the Aberdeen City Council Transport Fund (ACCTF) which provided, according to actuarial valuation, a funding level of 114% for ACCTF;
- (iv) to agree the unaudited Annual Report and Accounts for the North East Scotland Pension Fund and the Aberdeen City Council Transport Fund; and
- (v) to agree that the production of the Unaudited Annual Report and Accounts was very much a team effort involving many staff, therefore to agree to thank Laura Colliss, Pension Manager, and her staff for all their hard work in bringing forward the Unaudited Annual Report and Accounts and for the strong NESPF and ACCTF outstanding economic performance over the year.

The Board resolved:-

to note the decision of the Committee.

STRATEGY - PC/JUN21/STRAT

11. The Committee had before it a report by the Director of Resources which provided updates for the Committee and recommendations (if applicable) to any changes required to the North East Scotland Pension Fund and the Aberdeen City Council Transport Fund.

The report provided an update on the response to the consultation on Guaranteed Minimum Pension indexation in Public Service Pension Schemes; training which had been undertaken by Pension Fund staff as well as an update on recruitment and the case for increasing staff resources; and an update that there had been 26 new breaches of law recorded during 2020/21 with most of these being related to scheme employers failing to meet their statutory obligations, for example, late payment of pension contributions.

It was further noted that there had been minor amendments to the following documents which could be viewed on the NESPF website:-

- NESPF Business Plan 2021/24
- Statement of Investment Principles.

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The report recommended:-

that Committee –

- (a) approve the updated NESPF Business Plan 2021/24 and the updated Statement of Investment Principles Policy as set out in section 3.9.4 of the report; and
- (b) approve the additional posts of 1 x Senior Pension Officer – Employer Relationship, 1 x Senior Pension Officer – Systems, 1 x Pension Officer – Training & Development and 3 x Trainee Pension Officer – Benefit Administration as set out in section 3.9.6 of the report.

The Committee resolved:-

- (i) in relation to Appendix 1 (Pension Administration Strategy) and the table at page 200, to note that the additional targets for completed cases during the reporting period for notification of death in service should be 2, rather than 1 as stated in the table;
- (ii) to note the comments from Mrs Lawrence in respect of pensioners who had contacted her to advise that they had not been aware that they could claim their pensions now, and to note that officers would look at the documentation provided to ensure there was clarity on this point; and
- (iii) to approve the recommendations.

The Board resolved:-

to note the decision of the Committee.

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

ASSET AND INVESTMENT MANAGER PERFORMANCE REPORT - PC/JUN21/AIMPR

12. The Committee had before it a report by the Director of Resources which presented a review 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 2021.

Appended to the report was information in respect of the NESPF and environmental, social and governance (ESG) 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 Committee note the contents of the report.

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The Committee resolved:-

- (i) to note that Mr Buntain would provide further information to members outwith the meeting in respect of the windfarms in the Ventus portfolio; and
- (ii) to note the report.

The Board resolved:-

to note the decision of the Committee.

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