

Pensions Committee Annual Effectiveness Report 2022/2023

14 October 2022 to 14 October 2023



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1. Introduction from Convener

- 1.1 I am pleased to present the third annual effectiveness report for the Pensions Committee (for the period 14 October 2022 to 14 October 2023). 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, 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 small change was made to the Pensions Committee Terms of Reference in 2023, and as usual, these will continue to be monitored throughout the year and any 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 Funds (NESPF). This includes managing the investment of the NESPF 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.

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).

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 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; and
- 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.

6. Outside Bodies

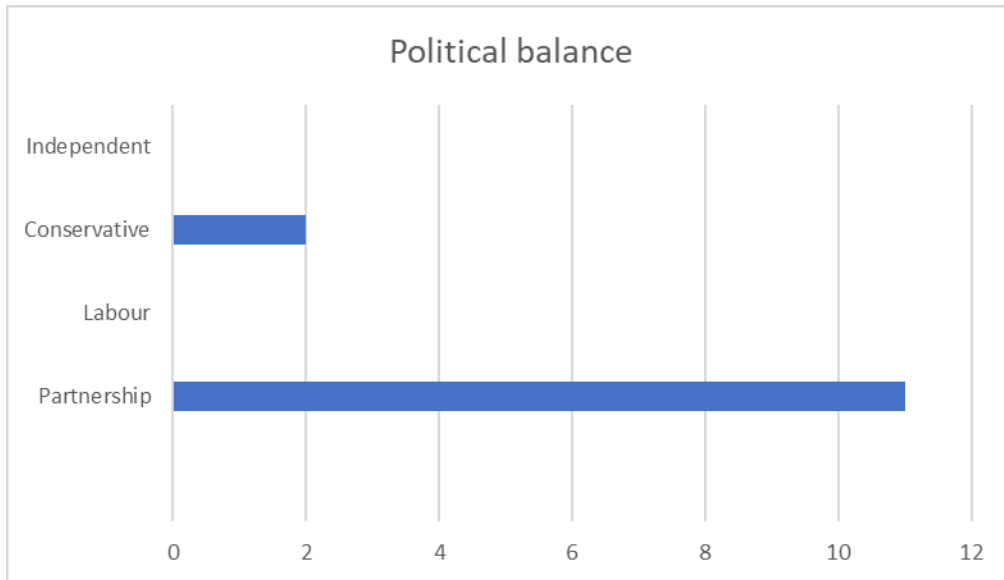
The Committee shall determine appointments and nominations to the Local Authority Pension Fund Forum (LAPFF) and other outside bodies relevant to its remit.

Executive Lead: Chief Officer – Finance

3. Membership of the Committee during 2022/2023

3.1 The Pensions Committee has 13 members – at the time of this report there are 10 members and 3 vacancies.

3.2 The current Committee composition is presented below:-



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 Mrs Jennifer Stewart resigned from the Committee as of 28 February 2023. Councillor Bonsell resigned from the Committee as of 26 April 2023.
- 4.2 Councillors Gordon Graham and Ross Grant were appointed to the Committee in October 2023, but resigned prior to their first scheduled meeting of 16 December 2023, therefore are not reflected in the report data below.

5. Member Attendance

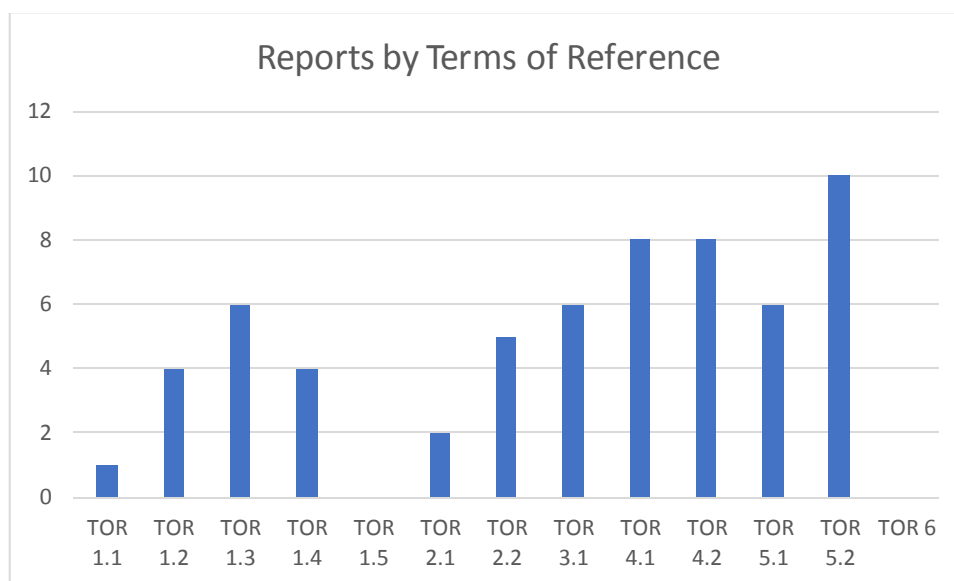
Member	Total Anticipated Attendances	Total Attendances	Substitutions
Councillor John Cooke	4	4	
Councillor Neil MacGregor	4	4	
Councillor Christian Allard	4	3	Due to an admin error, Councillor Allard was omitted from the invitees for the June meeting and could not then attend due to a clash of meetings once the error was realised
Councillor Alison Alphonse	4	3	
Councillor Jennifer Bonsell	2	1	
Councillor Sarah Cross	4	3	
Councillor Derek Davidson	4	4	
Councillor Dell Henrickson	4	4	
Councillor Duncan Massey	4	3	
Councillor Alex McLellan	2	1	Councillor Steve Delaney, the Depute Provost
Councillor Ciaran McRae	4	4	
Councillor Mrs Jennifer Stewart	1	0	
Councillor Kairin van Sweeden	2	2	

6. Meeting Content

6.1 During the 2022/2023 reporting period (14 October 2022 to 14 October 2023), the Committee had 4 meetings and considered a total of 29 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 2022/2023 the Committee received reports under each of the main Terms of Reference which indicates that the Committee has discharged its role effectively throughout the course of the reporting period.

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. There were also no reports under TOR 6 (The Committee shall determine appointments and nominations to the Local Authority Pension Fund Forum (LAPFF) and other outside bodies relevant to its remit). There was a decision required in relation to nominations to the LAPFF during the reporting period which would have fallen under this TOR, however due to the deadlines for responding to the LAPFF, it was not possible to present this to the Pensions Committee to determine, and an Urgent Business Committee was instead held on 11 August 2023 to determine the matter.

6.2.4 As the committee structure was reviewed in late 2022, very few changes to the Terms of Reference were made following the June 2023 Scheme of Governance review. Any changes made were generally to provide clarity where required and ensure consistency between committees. The Pensions Committee Terms of Reference were altered to include the new TOR 6 mentioned above. The new Terms of Reference will

continue to be monitored throughout the year, in preparation for the 2024 Scheme of Governance review.

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	8	27%
Number of reports where the Committee amended officer recommendations	0	N/A
Number of reports approved unanimously	29	100%
Number of reports or service updates requested during the consideration of another report to provide additional assurance and not in business planner	1*	3%
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)	1**	3%
Number of referrals to Council under SO 34.1	0	N/A

*A service update was requested to provide additional information on actuarial spend.

**This was the External Audit Annual NESPF Annual Audit Report, as the External Auditor's report was received late

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

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:-

A. LGC Investment Seminar – 20-21 October 2022

Held over two days in Edinburgh, this event covered a range of topics including:

- Social Investing;
- Exploring Investment Opportunities;
- Emerging Markets.

B. PLSA: Implementing TPR's New Code of Practice - 28 March 2023 (Webinar)

This webinar covered the next steps to apply The Pension Regulator's (TPR) new Code of Practice, which aims for a single, clear, up to date and consistent source of information on Scheme governance.

C. Net Zero Discussion Training – 30 March 2023

Investments Manager Graham Buntain hosted a discussion training session for Pensions Committee and Board Members. This session covered a range of sub topics within Net Zero, including:

- Environmental factors within ESG;
- Scope Emissions;
- Carbon Scoring.

D. Hymans Robertson LGPS Online Learning Academy

Hymans online Learning Academy covers a range of modules, including the following topics:

- Introduction
- Introduction to the LGPS, Role of Elected Members on Committee; Governance and Regulators
- LGPS Governance, LGPS Oversight Bodies and Regulators, Business Planning;
- Administration and Management

- Introduction to Administration, Policies and Procedures, Public Procurement, Additional Voluntary Contributions, Accounting and Audit; Funding and Actuarial Matters
- Introduction to Funding Strategy, LGPS Actuarial Valuation (Process & Technical Aspects) and LGPS Employers;
- Investments
- Introduction to Investment Strategy, Performance Monitoring,
- Responsible Investment and Revision to Markets in Financial Instruments Directive, i.e. MiFID II;
- Current Issues
- McCloud, Goodwin and Cost Sharing.

9.2 Officers have also recently begun to provide a monthly bulletin to keep the Committee and Board informed of important developments between the quarterly meetings.

9.3 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.

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 2023 and the final audited accounts were presented to the Pensions Committee in September 2023 for approval and I would like to thank the team for their continued hard work to ensure that the accounts are presented on time.

11.2 In such uncertain financial times, it is imperative that the Fund maintains its long term approach which has provided stability for members over many years. Our diversified portfolio helps minimise the financial impact by spreading the risk of exposure to any one investment area or stock. The Fund is also increasingly focusing on how we can contribute to moving towards tackling climate change.

11.3 I am pleased to note that all business was approved unanimously during the reporting period.

12. The Year Ahead

- 12.1 Looking ahead to 2023/24, the Fund will continue to focus on developing services by maintaining data quality, increasing member engagement and performance monitoring.
- 12.2 At its meeting in December 2023, the Committee will also consider a report on the Service Business Plan which includes information on future projects and therefore this report should be read in conjunction with the Future Service Improvement / Transformation Plan contained within that paper.

Appendix 1 – Local Outcome Improvement Plan Stretch Outcomes

Economy	
1.	No one will suffer due to poverty by 2026
2.	400 unemployed people supported into fair work
3.	500 people skilled/ reskilled
People (Children & Young People)	
4.	95% of children will reach their expected developmental milestones
5.	90% of children and young people will report that their experiences of mental health and wellbeing have been listened to
6.	95% of care experienced children and young people will have the same levels of attainment in education, health and emotional wellbeing, and positive destinations as their peers
7.	95% of children living in our priority neighbourhoods will sustain a positive destination upon leaving school
8.	Child friendly city where all decisions which impact on children and young people are informed by them
9.	30% fewer young people (under 18) charged with an offence
People (Adults)	
10.	25% fewer people receiving a first ever Court conviction and 2% fewer people reconvicted within one year
11.	Healthy life expectancy (time lived in good health) is 5 years longer
12.	Rate of harmful levels of alcohol consumption reduced by 4% and drug related deaths lower than Scotland
Place	
13.	Addressing climate change by reducing Aberdeen's carbon emissions by at least 61% 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
15.	Addressing the nature crisis by protecting/managing 26% of Aberdeen's area for nature
Community Empowerment	
16.	100% increase in the proportion of citizens who feel able to participate in decisions that help change things for the better by 2026