

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

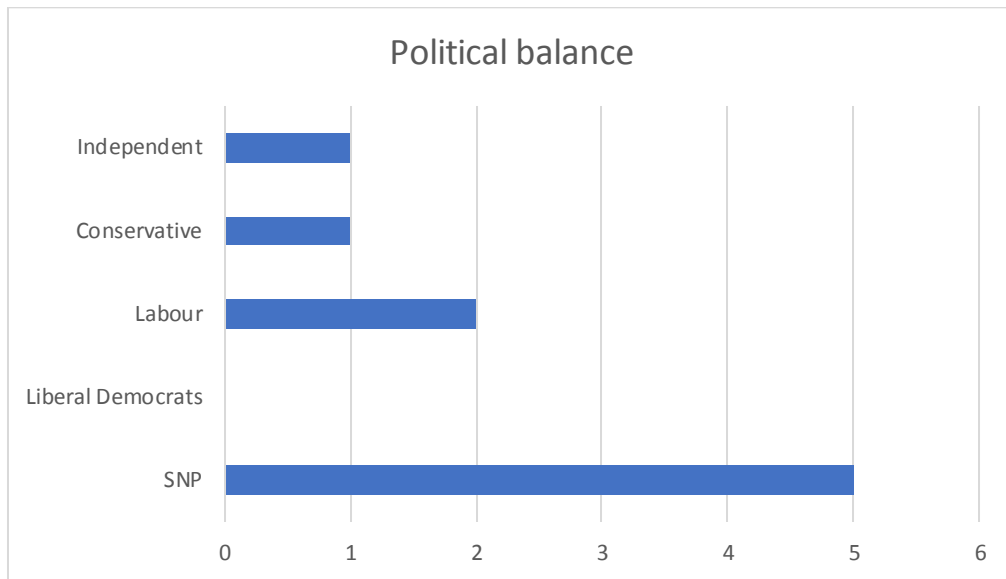
The Committee shall determine appointments and nominations to the Local Authority Pension Fund Forum (LAPFF) and other outside bodies relevant to its remit.

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

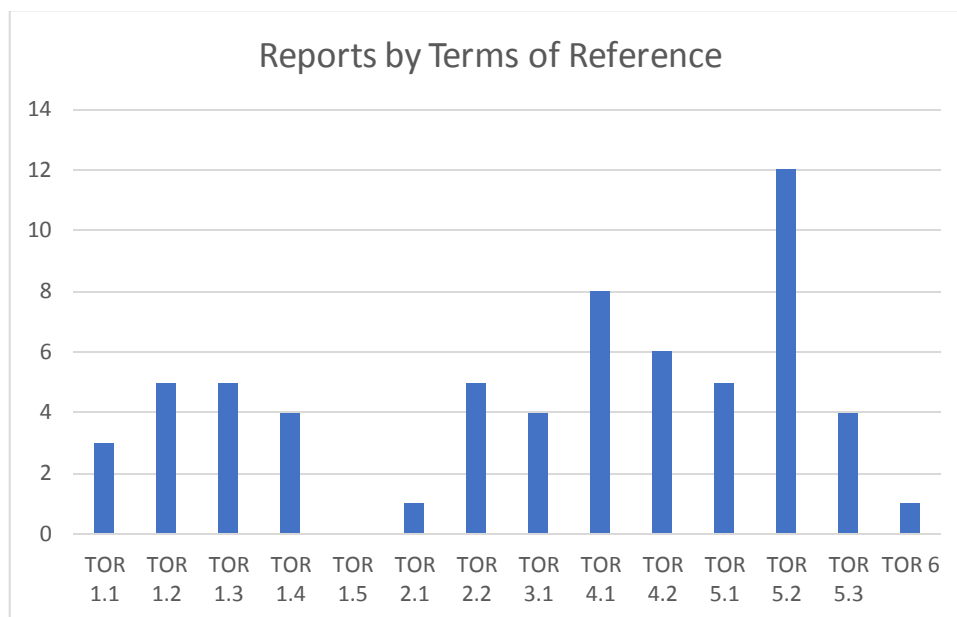
Member	Total Anticipated Attendances	Total Attendances	Substitutions
Members throughout 2023/2024			
Councillor John Cooke	4	4	
Councillor Neil MacGregor	4	4	
Councillor Alison Alphonse	4	3	
Councillor Derek Davidson	4	4	
Councillor Dell Henrickson	4	4	
Councillor Duncan Massey	4	4	
Councillor Kairin van Sweeden	4	4	
Members until February 2024			
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 - 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 (the Fund) s (NESPF). This includes managing the investment of the Fund 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>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).</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 General Code of Practice.	Update to reflect new Code
Pensions Committee	5.3 - monitor the progress of any litigation relating to the Fund.	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

Economy	
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
People (Children & Young People)	
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
People (Adults)	
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
Place	
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
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