

## **PENSIONS COMMITTEE AND PENSIONS BOARD**

ABERDEEN, 4 September 2015. Minute of Meeting of the PENSIONS COMMITTEE AND PENSIONS BOARD. Present (Pensions Committee):- Councillor Crockett, Convener; and Councillors Donnelly, Kiddie, Malone, MacGregor, Noble, Reynolds and Young; (Pensions Board) Mr J Mulholland, Chairperson, Cllr W Howatson, Cllr L Ironside CBE and Mr A Walker.

In attendance:- Mr S Whyte, Head of Finance, Mr F Bell, Head of Legal & Democratic Services, Ms L Colliss, Pensions Manager, Mr S Boyle, External Audit, Ms A MacDonald, External Audit and Ms F Smith, Governance Support Officer.

### **EXEMPT BUSINESS**

1. 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 15 (Fund Performance Report) and 16 (Investment Strategy Update).

#### **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 items 14 & 15 so as to avoid disclosure of exempt information of the classes described in paragraph 8.

#### **The Board resolved:-**

to note the decision of the Committee.

### **APOLOGIES FOR ABSENCE**

2. Apologies for absence were received from Councillor Laing (Pensions Committee) and from Mr D Briggs, Councillor Cowe and Mr R Henderson (Pensions Board).

### **MINUTE OF THE MEETING OF THE PENSIONS COMMITTEE AND PENSIONS BOARD**

3. The Committee and Board had before it the Minute of the Pensions Committee and Board meeting of 15 June 2015.

#### **The Committee and Board resolved:-**

to approve the minute.

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### **MATTERS ARISING**

4. With reference to item 12, the Pensions Committee sought an update with respect of the position in connection with an on-going legal matter.

**Councillor Donnelly and Councillor Young declared an interest in this part of the agenda as a result of their roles as Trustees of Oakbank School. Both Members considered that the nature of their interest required them to withdraw from the meeting, which they did whilst the Head of Finance responded to Members.**

The Head of Finance provided an update to Members on the on-going legal matter.

### **APPOINTMENT OF THE PENSIONS COMMITTEE VICE CONVENER**

5. The Committee agreed to appoint Councillor Reynolds as the Pensions Committee Vice Convener.

**The Committee resolved:-**

to appoint Councillor Reynolds as Vice Convener of the Pensions Committee.

**The Board resolved:-**

to note the decision of the Pensions Committee.

### **MOTION BY COUNCILLOR KIDDIE**

6. "That the Head of Finance be instructed to provide a report on ethical investments in respect of the Pension fund and the impact of such a strategy and reports back to Committee within a 6 month period on such a strategy."

**The Committee resolved:-**

to approve the motion.

**The Board resolved:-**

to note the decision of the Pensions Committee.

### **DATES OF FUTURE PENSIONS COMMITTEE MEETINGS**

7. The Committee had before it a report by the Clerk which set out proposed amended meeting dates for 2016. It was also proposed that pre-meetings would be arranged in future for the Convener and Vice Convener.

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The proposed Committee and Board dates were as follows:-

Friday 4 December 2015

Friday 11 March 2016

Friday 24 June 2016

Friday 16 September 2016

Friday 2 December 2016

**The Committee resolved:-**

to agree the dates.

**The Board resolved:-**

to note the decision of the Committee.

### **PENSION FUND STRATEGY**

8. The Committee had before it a report by the Pensions Manager which provided an update to Committee and set out any recommended changes to the North East Scotland Pension Fund and the Aberdeen City Council Transport Fund strategies.

The Committee heard that in line with the structural review of the Pension Fund, six specific areas had been identified which fully addressed the strategic management of the Fund, namely:-

- Investment
- Accounting
- Administration
- Technical
- Governance
- Employer Relations

**The Committee resolved:-**

to note the report.

**The Board resolved:-**

to note the decision of the Committee.

### **ADMINISTRATION AND GOVERNANCE OF NORTH EAST SCOTLAND PENSION FUND (NESPF)**

9. The Committee had before it a report by the Head of Finance which had been prepared to assess the North East Scotland Pensions Fund's approach to management

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of administration and governance and the effectiveness of scheme risk controls in the managed of the Fund.

### **The report recommended:-**

that the Committee –

- (a) approve the Fund's statement of compliance with the TPR Code of practice "Governance and administration of public service pension schemes";
- (b) agree the action to be implemented at 5.7 of the report;
- (c) approve the designation of a day's training for members of the Pension Board in 2015 and members of the Pension Committee should they wish to attend; and
- (d) note the remainder of the report.

The Committee heard that there were two training opportunities available for Members, specifically designed to the needs of Committee and Board members, one on 9 October and the other on 19/20 November. The training sessions would be provided by the Governance Group of LGPS Funds in Scotland, and the LGC.

### **The Committee resolved:-**

to agree the recommendations.

### **The Board resolved:-**

to note the decision of the Committee.

## **PENSION FUND STAFF RESTRUCTURE**

10. The Committee had before it a report by the Head of Finance which provided details of the staff restructure of the North East Scotland Pension Fund which would secure the long-term delivery of the service, as well as considering future succession planning.

### **The Committee resolved:-**

to note the report.

### **The Board resolved:-**

to note the decision of the Committee.

## **NESPF PERFORMANCE REPORTING**

11. The Committee had before it a report on the performance of the North East of Scotland Pension Fund for the period 1 April 2015 to 30 June 2015. The Pensions Manager advised members that future reports would be presented based on the six themes outlined earlier.

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**The Committee resolved:-**

to note the report.

**The Board resolved:-**

to note the decision of the Committee.

**FINANCIAL FORECAST PLUS OUT-TURN 2015-16**

12. The Committee had before it a report by the Head of Finance which set out the Management Expenses Forecast for the North East Scotland Pension Fund.

**The report recommended:-**

that the Committee note the update on the current NESPF Management Expenses Forecast for 2015/16.

**The Committee resolved:-**

to note the forecast.

**The Board resolved:-**

to note the decision of the Committee.

**ANNUAL AUDIT REPORT ON THE 2014/15 AUDIT**

13. The Committee had before it a report by the External Auditor prepared as a result of the requirement on auditors to report on specific matters arising from the audit of financial statements. Members heard that as a result of the new audit regulations, there was a requirement for the report to be uploaded to the NESPF website. Mr Boyle thanked the Head of Finance and the Pensions Manager for their support in ensuring that the report was delivered on time. He added that representations on the report had now been received from management and that there were no outstanding matters for consideration.

**During the discussion which followed on this report, Councillor Donnelly and Councillor Young declared an interest as a result of their roles as Trustees of Oakbank School. Both Members considered that the nature of their interest required them to withdraw from the meeting, which they did during the discussion of that particular issue only.**

It was noted that the new governance framework was working well and provided a good opportunity to exercise scrutiny. The arrangements would continue to be monitored as they bedded in.

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**The Committee resolved:-**

- (i) to note the report; and
- (ii) to thank the Head of Finance, Pensions Manager and Audit Team for the work which had gone in to producing the report.

**The Board resolved:**

to note the decision of the Committee.

**NESPF ANNUAL REPORT AND ACCOUNTS 2014/15**

**14.** The Committee had before it a report by the Head of Finance which set out the Audited Annual Report and Accounts for the North East Scotland Pension Fund and the Aberdeen City Council Transport Fund for consideration and signing.

The Head of Finance reiterated his thanks to Mr Boyle and his team, noting the good working relationship that existed between both teams, which was reflected in the high standard of audit papers. He also thanked the Pensions Manager and her team for their work, particularly given other competing deadlines and pieces of work.

The Convener echoed the thanks to both Audit and Pension Fund staff.

**The Committee resolved:-**

to agree the annual report and accounts for signature by the Convener and the Head of Finance.

**The Board resolved:-**

to note the decision of the Committee.

**In accordance with the decision recorded under article 1 of this minute, the following items were considered with the press and public excluded.**

**FUND PERFORMANCE REPORT**

**15.** The Committee had before it a report by the Head of Finance which set out the performance of the North East of Scotland Pension Fund and the Aberdeen City Council Transport Fund for the three month period ending 30 June 2015.

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**The Committee resolved:-**

to note the report.

**The Board resolved:-**

to note the decision of the Committee.

**INVESTMENT STRATEGY UPDATE**

**16.** The Committee had before it a report by the Head of Finance which provided an update on the Fund's Investment Strategy and proposed actions to secure the Fund's benchmark allocation.

**The report recommended:-**

that the Committee –

- (a) approve the commitments to RCP, Capital Dynamics and Unigestion (as set out in section 5.1 of the report); and
- (b) otherwise note the remainder of the report.

**The Committee resolved:-**

to approve the recommendations.

**The Board resolved:-**

to note the decision of the Committee.

- **COUNCILLOR BARNEY CROCKETT, Convener**