

## ABERDEEN CITY COUNCIL

---

COMMITTEE	PENSIONS COMMITTEE
DATE	11 <sup>th</sup> MARCH 2016
REPORT BY	CORPORATE GOVERNANCE
TITLE OF REPORT	STRATEGY
REPORT NUMBER	PC/MAR16/STRATEGY

---

### 1. PURPOSE OF REPORT

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

### 2. RECOMMENDATION(S)

- i. Approve contract continuation for the Benefits Administration Software provider (5.4.1)
- ii. Agree a two day date in June for Fund Manager Presentations (5.5.1)
- iii. Review and Approve Policy document changes as noted in Appendix II (5.5.2)
- iv. Approve the Pension Fund Signatory List as noted in Appendix III for implementation as at 1 April 2016. (5.5.3)
- v. Note the remainder of the report.

### 3. FINANCIAL IMPLICATIONS

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.

### 4. OTHER IMPLICATIONS

None

## 5. BACKGROUND/MAIN ISSUES

In line with the structural review of the Pension Fund, six specific areas have been identified which fully address the strategic management of the Fund;

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

The roles and responsibilities within these areas have been very clearly defined to ensure accountability across the Pension Fund.

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 information bulletins covering the six strategic areas will also be available via the secure website and email.

Also available on the Pension Fund Website are all the Policy documents that govern the Pension Fund including its various strategies.

### 5.1 **INVESTMENT**

- 5.1.1 *Asset & Investment Manager Performance Report*  
*Investment Strategy Update Report*  
*Investment Strategy Review 2016 Report*

*Separate Reports, provided.*

### 5.2 **ACCOUNTING**

- 5.2.1 *Budget, Forecast & Projected Spend 2015/16 Report*  
*Statement of Accounts 2015/16 – Action Plan Report*

*Separate Reports, provided.*

### 5.3 **ADMINISTRATION**

N/A

### 5.4 **TECHNICAL**

- 5.4.1 Benefit Administration Software Tender

Further to Committee resolve in June 2015 to retender for the benefit administration software, procurement has advised the following;

That the existing contract contains a mechanism for continuation under Clause 3 provided Committee approval is granted.

All 11 Scottish administering authorities and 69 English and Welsh authorities currently use the system and work together with the single supplier as part of the CLASS Group. Working together ensures software is developed on time to deliver regulatory and new scheme requirements.

NESPF have also worked closely with employers to get member data monthly rather than at year end. We are currently processing electronic data for 97% of our active members into the current system monthly which will help us deliver new scheme and governance requirements.

Best value is achieved through CLASS participation as development costs for regulatory change and new scheme requirements are split amongst the Group based on 12 membership bands ranging from 1 -9,999 to more than 150,000. NESPF currently sit in band 50,000 to 64,999 and paid 2% of the total cost of software development of the new CARE scheme. The annual cost of the system is currently £250,000 and terms exist within the current contract to restrict amount of inflationary increase that can be applied by the supplier.

#### 5.4.2 Appendix I Pensions Administration Strategy December 2015 Report.

### 5.5 **GOVERNANCE**

5.5.1 Further to the decision at the Pensions Committee meeting on the 18<sup>th</sup> January 2016 the committee is to discuss and agree a date in June 2016 to visit London and have the Pension Fund, Fund Managers present to them. This will form part of the training commitment for 2016.

5.5.2 The Pension Fund is required to review its Policy documents annually, attached in Appendix II is a note of any changes.

5.5.3 Due to a number of staff changes with in Aberdeen City Council and the Pension Fund, a revised Signatory List is provided in Appendix III for approval.

### 5.6 **EMPLOYER RELATIONSHIP**

5.6.1 *Request for Admitted Body Status.*

Separate Report, provided.

## 6. IMPACT

The Pension Committee has a fiduciary duty to monitor the Pension Fund Strategies across all areas and timelines to deliver a timely, accurate and compliant service to all stakeholders.

7. MANAGEMENT OF RISK

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

8. BACKGROUND PAPERS

None

9. REPORT AUTHOR DETAILS

Laura Colliss  
Pensions Manager  
[lcolliss@nespf.org.uk](mailto:lcolliss@nespf.org.uk)  
01224 264158