

## **PENSION COMMITTEE AND PENSION BOARD**

ABERDEEN, 10 March 2017. Minute of Meeting of the PENSION COMMITTEE AND PENSION BOARD. Present:- Councillor Crockett, Convener; Councillor Reynolds, Vice-Convener; and Councillors Donnelly, MacGregor, Malik, Malone and Noble (Pension Committee); and Councillor Cowe, Ms M Hart, Ms M Lawrence and Mr A Walker (Pension Board).

Also in attendance:- Laura Colliss, Pensions Manager; Graham Buntain, Investment Manager; Gillian Woolman, Assistant Director, Audit Scotland; and Colin Morrison, Senior Auditor, Audit Scotland.

**The agenda and reports associated with this minute can be found at:-**  
<http://committees.aberdeencity.gov.uk/ieListDocuments.aspx?CId=506&MId=4353&Ver=4>

**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.**

### **ANNOUNCEMENTS**

1. The Convener began the meeting by paying tribute to the Vice Chair of the Pension Board, Mr James Mulholland, who had suddenly and sadly passed away since the last meeting. He noted members' sadness at his passing, and wished to put on record the thanks of the Committee and Board to Mr Mulholland for his excellent contributions at previous meetings.

The Convener welcomed Ms Morag Lawrence to the meeting, noting that Ms Lawrence was in attendance in place of Mr Mulholland. He also welcomed Ms Marie Hart from Police Scotland to the meeting, advising that she had replaced Mr David Briggs on the Pension Board.

Finally, members welcomed Gillian Woolman, Assistant Director at Audit Scotland who had been appointed as the new auditor for the North East Scotland Pension Fund.

### **DETERMINATION OF EXEMPT BUSINESS**

2. 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 11 (Asset and Investment Manager Performance Report) and 12 (Investment Strategy Update).

**The Committee resolved:-**

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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 11 and 12, 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.

### **MINUTE OF PREVIOUS MEETING OF 2 DECEMBER 2016**

3. The Committee had before it the minute of its previous meeting of 2 December 2016.

**The Committee resolved:-**

to approve the minute as a correct record.

**The Board resolved:-**

to note the decision of the Committee.

### **MOTIONS LIST**

4. With reference to Article 4 of the minute of the meeting of 24 June 2016 and Article 4 of the minute of the previous meeting, Ms Colliss advised the Committee that the Head of Finance had written to Councillor Kiddie to explain that the revised investment strategy would cover the terms of his motion, and to request that therefore his motion be removed from the motions list. Councillor Kiddie had not replied, however the issue of ethical investments had been reported to Committee previously, and would also be picked up on in the new investment strategy.

Noting this, and that Councillor Kiddie had not been in attendance at the last few meetings, the Committee agreed therefore that the motion should be removed from the motions list.

**The Committee resolved:-**

to remove the motion.

**The Board resolved:-**

to note the decision of the Committee.

### **ANNUAL AUDIT PLAN 2016/17**

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5. The Committee heard from Ms Gillian Woolman, Audit Scotland, in respect of the North East Scotland Pension Fund Annual Audit Plan 2016/17.

Ms Woolman took the Committee through the report, highlighting the main risks that had been identified as part of the audit work, based on discussions with staff, attendance at Committee meetings, and the review of supporting information, and the audit work planned around these. The report also set out the reporting arrangements and the proposed audit fee for the 2017/17 audit of the North East Scotland Pension Fund.

**The Committee resolved:-**

to note the report.

**The Board resolved:**

to note the decision of the Committee.

**STRATEGY**

6. With reference to Article 5 of the minute of its meeting of 2 December 2016, the Committee had before it a report by the Pensions Manager which provided an update on any changes to the North East Scotland Pension Fund and the Aberdeen City Council Transport Fund strategies.

The report contained information on a consultation exercise in respect of the options for future Guaranteed Minimum Pension equalisation and indexation of public scheme members who reached State Pension Age after 5 December 2018; an update on Pension Fund staff appointments and the Pension Fund staff structure; the annual review of scheme documentation and the resulting revisions to policy; an update on training; the liquidation of an admitted body; and the Pension Administration Strategy 2017.

Ms Colliss, Pensions Manager, explained the requirement for additional posts and advised that the staff structure within the Pension Fund team was under review. This was due to the size of the Fund; the need for succession planning; as the team was now dealing with more employer issues; and the additional work taken on from the Benefits Admin team, and it was likely that further requests would be brought to Committee in respect of additional posts.

Ms Colliss also highlighted the feedback from Members in respect of the September 2016 training and explained the position in relation to investment in property.

The Committee discussed the liquidation of the admitted body and Ms Colliss explained that there had been no notification of the situation prior to the Fund receiving the letter

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in respect of the liquidation of the body. She advised that staff worked hard to improve the communication with admitted bodies and that putting the Employer Relation Team in place would further assist with this. She added that the upcoming Actuarial Evaluation would also mean greater engagement with admitted bodies, and explained that staff would be visiting every employer and that they would be required to complete a form which would provide more detailed information in respect of any risks associated with the body.

**The report recommended:-**

that Committee –

- (a) review and approve the policy document changes noted in Appendix 2 to the report;
- (b) review and approve the Pension Administration Strategy 2017, as set out in Appendix 7;
- (c) approve the additional resources for the Pension Fund staff structure as detailed in section 5.5.1 of the report; and
- (d) otherwise note the remainder of the report.

**The Committee resolved:-**

to approve the recommendations.

**The Board resolved:-**

to note the decision of the Committee.

### **REQUEST FOR ADMITTED BODY STATUS**

7. The Committee had before it a report by the Head of Finance which set out a request from FES FM Ltd for admitted body status within the Local Government Pension Scheme administered by Aberdeen City Council.

The report advised that as of 1 April 2017, Aberdeenshire Council would enter into a contract with FES FM Ltd to provide managed print services. Ten members of staff were to be transferred to FES FM Ltd under Transfer of Undertakings (Protection of Employment) Regulations (TUPE). Aberdeenshire Council would act as guarantor for the admission to the Scheme.

**The report recommended:-**

that the Committee agree to allow the employees transferring from Aberdeenshire Council to FES FM Ltd to participate in the Local Government Pension Scheme administered by Aberdeen City Council.

**The Committee resolved:-**

to approve the recommendation.

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**The Board resolved:-**

to note the decision of the Committee.

### **REVIEW OF NESPF IMPLEMENTATION OF THE PUBLIC SERVICE PENSIONS ACT 2013 AND COMPLIANCE WITH PENSION REGULATOR REQUIREMENTS**

8. The Committee had before it a report by the Head of Finance which provided a review of the Fund's implementation of the Public Service Pensions Act 2013 (PSPA) and compliance with Pension Regulator requirements relating to the North East Scotland Pension Fund during the financial year 2016/17.

The report advised that the PSPA had introduced a framework for the governance and administration of public service pension schemes. A review of the Fund's governance framework was therefore conducted on an annual basis to assess current practices and procedures; while ensuring that the Fund's governance framework complied with legislation and best practice guidance. The report therefore set out the review of the governance framework and the actions taken to address the findings in respect of how the Fund handled and recorded breaches of law; how the recording and monitoring of conflicts of interest was undertaken; the updating of the administration guide for scheme employers; and the publication of specific information in relation to the Pension Board.

**The report recommended:-**

that the Committee note the report.

**The Committee resolved:-**

to approve the recommendation.

**The Board resolved:-**

to note the decision of the Committee.

### **BUDGET/FORECAST AND PROJECTED SPEND 2016/17**

9. With reference to Article 9 of the minute of the previous meeting, the Committee had before it a report by the Head of Finance which provided details of the Management Expenses Budget / Forecast and Projected Spend 2016/17 for the North East Scotland Pension Fund (NESPF).

**The report recommended:-**

that Committee –

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- (a) note the update on the NESPF Management Expenses Budget / Forecast and Projected Spend for 2016/17;
- (b) note the update on Pension Fund staff costs resulting from the implementation of the new staffing structure; and
- (c) note the update on revised guidance on Accounting for Scheme Management Costs.

**The Committee resolved:-**

to approve the recommendations.

**The Board resolved:-**

to note the decision of the Committee.

### **STATEMENT OF ACCOUNTS 2016/17 - ACTION PLAN**

**10.** The Committee had before it a report by the Head of Finance which provided information and key dates in relation to the 2016/17 Statement of Accounts, including any linkages to the plans and timetables of the Council's External Auditors.

The report advised that the Statement of Accounts 2016/17 would summarise the Pension Fund's transactions for the period 1 April 2016 to 31 March 2017 and its financial position at the year-end 31 March 2017. The report set out key dates for reporting in relation to the Accounts.

**The report recommended:-**

that the Committee note the contents of the report.

**The Committee resolved:-**

to approve the recommendation.

**The Board resolved:-**

to note the decision of the Committee.

**In accordance with the decision recorded under article 2 of this minute, the following items were considered with the press and public excluded.**

### **ASSET AND INVESTMENT MANAGER PERFORMANCE REPORT**

**11.** With reference to Article 12 of the minute of its previous meeting, the Committee had before it a report by the Head of Finance which provided a review of the North East Scotland Pension Fund and the Aberdeen City Council Transport Fund for the three

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month period ending 31 December 2016. The report noted that as an interim measure, as a result of the move to a new Custodian, the report had been compiled using performance data from the Fund Managers and Market Value data from the new Custodian. Mr Buntain, Investment Manager, advised that the report would return to the usual format for the next quarter.

**The report recommended:-**

that the Committee note the report.

**The Committee resolved:-**

to approve the recommendation.

**The Board resolved:-**

to note the decision of the Committee.

### **INVESTMENT STRATEGY UPDATE**

**12.** With reference to Article 13 of the minute of its previous meeting, the Committee had before it a report by the Head of Finance which provided an update on the Fund's investment strategy and set out recommendations in respect of the NESPF.

**The report recommended:-**

that Committee

- (a) approve the recommendations contained in sections 5.1, 5.2, 5.3, 5.4, 5.5 and 5.6 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.

### **VALEDICTORY**

**13.** The Convener noted that this was the last meeting of the Pension Committee and Board before the local government elections in May and thanked members and officers for their contributions over the last few years, adding that he had enjoyed his role as Convener.

The Vice Convener recorded his thanks to the Convener for his time in the chair.

- **COUNCILLOR BARNEY CROCKETT, Convener.**

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