

PENSION COMMITTEE AND PENSION BOARD

ABERDEEN, 23 June 2017. Minute of Meeting of the PENSION COMMITTEE AND PENSION BOARD. Present:- Councillor Donnelly, Convener; Councillor Reynolds, Vice-Convener; Lord Provost Barney Crockett; and Councillors Allard, Bell, Cooke, MacGregor and Malik; and Mr Alan Walker, Chairperson, Ms Marie Hart, Vice Chairperson; Councillor John and Mr Kevin Masson (Pension Board).

Also in attendance:- Laura Colliss, Pensions Manager; Steve Whyte, Head of Finance; Graham Buntain, Investment Manager; Rachel Browne, Senior Audit Manager, Audit Scotland; and Colin Morrison, Senior Auditor, Audit Scotland.

The agenda and reports associated with this minute can be found at:-
<https://committees.aberdeencity.gov.uk/ieListDocuments.aspx?CId=506&MId=4354&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.

GOOD NEWS

1. The Convener welcomed everyone to the first meeting of the Committee and Board since the local government elections in May.

He advised that the Pension Fund had been shortlisted for four awards, and the outcome would be known following the award ceremony in London on 27 June.

DETERMINATION OF URGENT BUSINESS

2. The Convener advised that there were no items of urgent business to be considered.

DETERMINATION OF EXEMPT BUSINESS

3. 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 13 (Asset and Investment Manager Performance Report) and 14 (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 13 and 14, so as to avoid disclosure of exempt information of the class described in paragraph 6.

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The Board resolved:-

to note the decision of the Committee.

DECLARATIONS OF INTEREST

4. There were no declarations of interest.

MINUTES OF PREVIOUS MEETING

5. The Committee had before it the minute of its previous meeting of 10 March 2017.

The Clerk advised that following the last Committee meeting, Ms Morag Lawrence had highlighted that there was an error in the report 'Request for Admitted Body Status' which had been on the agenda at that meeting. The report had referred to 'managed print services', but Ms Lawrence had advised that this should in fact refer to 'managed property services'.

The Committee resolved:-

- (i) to note the corrected information in respect of the report 'Request for Admitted Body Status' which had been considered at the meeting of 10 March 2017; and
- (ii) to approve the minute as a correct record.

The Board resolved:-

to note the decision of the Committee.

NESPF ANNUAL REPORT AND ANNUAL ACCOUNTS 2016-17

6. The Committee had before it the NESPF Annual Report and Annual Accounts for the period 2016-2017, including management commentary as required by The Local Authority Accounts (Scotland) Regulations 2014. The commentary included details of the Fund's business, risk and the uncertainties facing the Fund; performance and financial position including key performance indicators; and environmental and social issues.

The Committee resolved:-

to approve the annual report and accounts.

The Board resolved:-

to note the decision of the Committee.

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INTERNAL AUDIT PLAN 2017/18 - IA/17/013

7. The Committee had before it a report by Internal Audit which sought approval of the Internal Audit plan for 2017/18 in respect of the NESPF.

The plan referred to an audit as to whether appropriate control was being exercised over the system, including contingency planning and disaster recovery, and its data input, and that interfaces to and from other systems were accurate and properly controlled.

The report recommended that the Committee approve the Internal Audit plan.

The Committee resolved:-

to approve the recommendation.

The Board resolved:-

to note the decision of the Committee.

BUDGET FORECAST AND ACTUAL SPEND 2016/2017 / FORECAST 2017/2018 - PC/JUN17/BUD

8. 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 or Forecast and Actual Spend 2016/17 for the North East Scotland Pension Fund (NESPF) and a proposed Budget or Forecast for 2017/18.

Members asked questions around the notes contained in the report to explain any variances, and stated that in a number of cases, they felt that further detail could be added. Mr Whyte acknowledged this and advised that more detail would be included in future reports.

The report recommended:-

that Committee –

- (a) note the update on the NESPF Management Expenses Budget/Forecast and Actual Spend for 2016/17; and
- (b) approve the indicative NESPF Management Expenses Budget/Forecast 2017/18.

The Committee resolved:-

- (i) to note that further detail would be provided in respect of variances in future reports to Committee; and
- (ii) to approve the recommendations.

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The Board resolved:-

to note the decision of the Committee.

STRATEGY - PC/JUN17/STRATEGY

9. With reference to Article 6 of the minute of its previous meeting, 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 and updates on late retirement factors; parallel running; overseas payments through Western Union; the Scottish Government consultation on a severance policy; a Pensions Administration Strategy Update; staffing updates; an update on training; information on any breaches of law; an update on the Scheme Advisory Board; information on the governance review; and employer updates in respect of any terminations from the Scheme.

The report recommended:-

that Committee –

- (a) note the report; and
- (b) approve the change in staff resources as stated in 3.6.1 of the report, namely the removal of a Pension Officer Technical post and the addition of a further Trainee Pension Officer Benefits post.

The Committee resolved:-

to approve the recommendations.

The Board resolved:-

to note the decision of the Committee.

TRAINING REPORT - PC/JUN17/TRA

10. The Committee had before it a report by the Head of Finance which provided details of the training plan (2017/18) for the Pension Committee and Pension Board of the North East Scotland Pension Fund.

The report advised that it was proposed to deliver training over two set periods during 2017/18, together with any industry externally delivered training when available.

Ms Colliss advised that a training date of 11 August had been identified for presentations from the scheme actuary; investments consultants; a fund manager; and officers.

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The Committee resolved:-

to note the report.

The Board resolved:-

to note the decision of the Committee.

In accordance with the decision recorded under article 3 of this minute, the following items were considered with the press and public excluded.

**ASSET AND INVESTMENT MANAGER PERFORMANCE REPORT -
PC/JUN17/AIMPR**

11. With reference to Article 11 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 month period ending 31 March 2017.

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 - PC/JUN17/STRATEGY

12. The Committee had before it a report by the Head of Finance which provided an update on the North East Scotland Pension Fund and the Aberdeen City Council Transport Fund strategies.

The report recommended:-

that Committee approve –

- (a) a \$40 million dollar commitment in respect of the HarbourVest Co-Investment Fund IV investment opportunity outlined in the report; and
- (b) delegated powers to the Head of Finance in respect of a potential change to the Global Custodian.

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The Committee heard from Mr Buntain that the investment opportunity outlined in the report was no longer available and therefore recommendation (a) in the report was withdrawn.

The Convener advised that the wording at recommendation (b) required to be amended, namely:-

“That Committee approve the granting of delegated powers to the Head of Finance to enable him to implement a change of Global Custodian if he deems this to be appropriate.”

The Committee resolved:-

to approve the amended recommendation (b) outlined above.

The Board resolved:-

to note the decision of the Committee.

- **COUNCILLOR ALAN DONNELLY, Convener**

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