

ABERDEEN CITY COUNCIL

COMMITTEE	PENSIONS COMMITTEE
DATE	15 MARCH 2019
REPORT TITLE	STRATEGY
REPORT NUMBER	PC/MAR19/STRAT
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TERMS OF REFERENCE	PENSIONS COMMITTEE 1-5

1. PURPOSE OF REPORT

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

2. RECOMMENDATIONS

That the Committee: -

- 2.1 Approve the additional posts of 3 x Senior Pensions Officer and 1 x Assistant Pensions Officer (set out in 3.9.3);
- 2.2 Consider and approve the NESPF Data Quality Improvement Plan; and
- 2.3 Note the updates to Scheme policy documents as part of the annual review (set out in 3.9.5)

3. BACKGROUND

- 3.1 In line with the structural review of the Pension Fund, six specific areas were identified to fully address the strategic management of the Fund;
- Investment
 - Accounting
 - Benefit Administration
 - Technical
 - Governance
 - Employer Relations
- 3.2 The roles and responsibilities within these areas have been very clearly defined to ensure accountability across the Pension Fund.

3.3 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 service updates covering the six strategic areas will also be available via the secure website (<http://www.nespf.org.uk/TheFund/Governance/fundgovernance.aspx>) and email.

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

3.5 **INVESTMENT**

3.5.1 *Asset & Investment Manager Performance Report
Strategic Infrastructure Priorities And The Scottish Local Government Pension Scheme Report*

Separate Reports, provided

3.5.2 **Local Authority Pension Fund Forum (LAPFF)**

Copies of the latest e-bulletins, quarterly engagement and annual reports are available at <http://www.lapfforum.org>

3.6 **ACCOUNTING**

3.6.1 *Budget/Forecast 2018/19 Report
Statement of Accounts 2018/19 – Action Plan*

Separate Reports, provided

3.7 **BENEFIT ADMINISTRATION**

3.7.1 **LGPS Regulations Update**

3.7.2 The Local Government Pension Scheme (Miscellaneous Amendments)(Scotland) Regulations 2019 are out for consultation until 11th March 2019.

3.7.3 The Amendment Regulations propose to introduce a number of minor changes at the request of stakeholders as well as correct referencing errors contained within the LGPS 2018 Regulations which were implemented on 1 June 2018. They will also ensure that provisions contained within the Local Government Pension Scheme (Transitional Provisions and Savings)(Scotland) Regulations 2014 continue to have effect in the 2018 scheme.

3.7.4 **GMP Equalisation & Indexation Project**

Separate Report, provided

3.8 **TECHNICAL**

3.8.1 *Appendix I*, Pensions Administration Strategy Update

3.9 **GOVERNANCE**

3.9.1 **Scheme Advisory Board**

Copies of the latest bulletins and meetings available at <http://lgpsab.scot>

3.9.2 **Pension Fund Staffing Update**

3.9.2.1 Two Assistant Pensions Officers were successfully recruited and commenced employment within the team in early January. With a third new start joining in early February, this means the technical team is finally now fully staffed. As part of the Fund's resource and succession planning, these new recruits will all receive appropriate training to allow them to provide support across each of the six pensions teams.

3.9.2.2 The Assistant Pensions Officer – ERT post was advertised internally in both December and again in January, but unfortunately neither advert attracted any applicants. A request will now be submitted to the Establishment Control Board (ECB) to seek approval to move to external advertisement.

3.9.2.3 Internal advertisement of the Pensions Officer-Training & Development post was approved by the ECB in mid-January and went live on 13 February.

3.9.3 **Staff Structure Review**

3.9.3.1 The Pension Fund went through a major review of its internal structure during 2015/16 implementing the six specific areas you see today, along with the staffing structures within those sections.

3.9.3.2 Following internal discussions with the team a number of areas have been identified as requiring minor adjustments and some additional resources to not only address the stress being levied on these services but will also future proof the Fund, providing further succession planning, increased governance assurance and deliver efficiencies over the long term.

3.9.3.3 The Fund is seeking to add four additional posts at an estimated cost of £165,000 per annum, the additional costs will be confirmed once approval has been provided and the new posts have been evaluated. This will be provided via a full business case report and consultation with the appropriate groups.

3.9.3.4 There are two posts within the Investment Team, providing additional administrative support and senior support to the Fund. As the Fund has grown considerably over the last couple of years in both value and complexity it is vital we put in place additional resources to continue to deliver sufficient monitoring and governance for the assets of the Fund, increasing in-house capabilities while considering longer term succession planning.

- 3.9.3.5 Similarly to the Investment Team and for the reasons stated above, we have identified the requirement for additional senior support in the Accounting and Governance Teams.
- 3.9.3.6 Having the appropriate structure and resources in place has proven to not only deliver the quality of service expected but just as importantly, deliver extensive efficiencies which can be seen via the Employer Relationship, Technical, Benefits and Governance Teams, driving those efficiencies through digital solutions such as I-Connect, Member Self Service and Altair.
- 3.9.3.7 Adding resources to the Investment and Accounting Teams will also afford these teams the ability to drive efficiencies through increased in-house capabilities and improved governance of investment relationships and accounting opportunities through digital transformation.
- 3.9.3.8 The Establishment of the Pension Fund will increase from 38 to 42 full-time posts.

Appendix II, Proposed Staffing Structure

3.9.4 Pension Fund Accommodation

- 3.9.4.1 The Pension Fund has been in discussions with Facilities at the Council for some time regarding the opportunity to relocate the Pension Fund to more suitable accommodation, either internally or externally.
- 3.9.4.2 The Fund expressed a preference to relocate due to increasing numbers of staff and the requirement for a more secure environment. Facilities also expressed an interest in relocating the Fund to utilise the space the Fund currently occupies for further customer service teams.
- 3.9.4.3 Unfortunately no suitable space has been identified internally and with increasing staff numbers and the Fund's desire for suitable space within which to operate, the Fund would like to seek accommodation external to Council facilities.
- 3.9.4.4 The Fund will report to Committee in due course on any suitable opportunities, providing full cost details and implications.

3.9.5 Document Updates

- 3.9.5.1 The following documents have been introduced or updated and are available to view in the secure members area of the website at <http://www.nespf.org.uk/TheFund/Governance/fundgovernance.aspx>

New:

- NESPF Data Quality Improvement Plan

Annual review:

- Conflicts of Interest Policy
- Corporate Governance & SRI Policy
- Employer Engagement Policy
- Governance Compliance Statement
- Appointment Process for the Local Pension Board
- Overpayments of Pension Policy

3.9.5.2 Details of the changes to the above documents can be found in *Appendix III*.

3.9.6 Pensions Dashboard

Fund Officers submitted a response to the government consultation on the proposed Pensions Dashboard ahead of the deadline on 28th January. The idea behind the Dashboard is to provide an online service which allows people to see information from multiple pensions, all in one place.

Further information on the consultation can be found at <https://www.gov.uk/government/consultations/pensions-dashboards-feasibility-report-and-consultation>

3.9.7 Annual Governance Review

Review of NESPF compliance with the Public Service Pensions Act 2013 and the Pensions Regulator Code of Practice 14.

Separate report, provided

3.9.8 Fraud, Whistleblowing and Breaches of Bribery Act

There have been no cases during the year 2018/19.

3.10 EMPLOYER RELATIONSHIP

3.10.1 Firstbus Proposal Update

Following the Committee meeting in November, Fund Officers have been engaging with Firstbus and Strathclyde Pension Fund in respect of the merger/buy-in proposal. Further discussions have taken place with our internal and external legal advisors and the Scheme actuary to allow Officers to take a full report to Committee in June.

4. FINANCIAL IMPLICATIONS

4.1 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.

5. LEGAL IMPLICATIONS

- 5.1 There are no direct legal implications arising from the recommendations in this report.

6. MANAGEMENT OF RISK

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

Appendix IV, Copy of Risk Register (February 2019)

7. OUTCOMES

Design Principles of Target Operating Model	
	Impact of Report
Governance	This report links to the 'governance' design principle by ensuring transparency and by providing the necessary information to allow informed decisions to be made and implemented, including performance and improvement measures.

8. IMPACT ASSESSMENTS

Assessment	Outcome
Equality & Human Rights Impact Assessment	Not required
Data Protection Impact Assessment	Not required
Duty of Due Regard / Fairer Scotland Duty	Not applicable

9. BACKGROUND PAPERS

None

10. APPENDICES

Appendix I, PAS Update Quarter 4 Report 2018/19
Appendix II, Proposed Staffing Structure
Appendix III, Document Review
Appendix IV, Copy of Risk Register (February 2019)

11. REPORT AUTHOR CONTACT DETAILS

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