

PENSIONS COMMITTEE AND PENSION BOARD

ABERDEEN, 15 March 2019. Minute of Meeting of the PENSIONS COMMITTEE AND PENSION BOARD. Present:- Councillor Malik, Convener; Councillor Reynolds, Vice-Convener; and Councillors Allard, Bell, Cooke, Delaney, Donnelly, Laing (as substitute for Councillor Barney Crockett, the Lord Provost) and MacGregor (Pensions Committee); and Councillor McKelvie, Chairperson; Mrs M Lawrence, Vice Chairperson; Councillors Allan and Cowe; and Mr I Black, Mr L Knox and Mr A Walker (Pension Board).

Also in attendance:- Jonathan Belford, Chief Officer – Finance; Laura Colliss, Pensions Manager; David Hughes, Chief Internal Auditor, Internal Audit; and Gillian Woolman, Assistant Director, Audit Scotland.

The agenda and reports associated with this minute can be found [here](#)

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.

DETERMINATION OF EXEMPT BUSINESS

1. The Committee was requested to determine that the following item of business which contained exempt information as described in Schedule 7(A) of the Local Government (Scotland) Act 1973, be taken in private – item 16 (Asset and Investment Manager Performance Report).

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 item 11 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.

DECLARATIONS OF INTEREST

2. There were no declarations of interest.

MINUTE OF PREVIOUS MEETING

3. The Committee had before it the minute of its previous meeting of 30 November 2018.

The Committee resolved:-

to approve the minute as a correct record.

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The Board resolved:-

to note the decision of the Committee.

BUSINESS PLANNER

4. The Committee had before it the committee business planner as prepared by the Chief Officer – Governance.

The Committee resolved:-

to note the planner.

The Board resolved:-

to note the decision of the Committee.

INTERNAL AUDIT PLAN 2019/20 - IA/19/004

5. The Committee had before it a report by Internal Audit which sought approval of the Internal Audit plan for 2019/20.

The report advised that there was one area recommended for audit in 2019/20, namely the Investment Strategy and Investment Performance Management with the objective of providing assurance in respect of compliance with the pension fund investment strategy and arrangements in place to monitor the performance of investment managers.

The report recommended that Committee approve the attached Internal Audit Plan for 2019/20.

The Committee resolved:-

to approve the recommendation.

The Board resolved:-

to note the decision of the Committee.

EXTERNAL AUDIT ANNUAL AUDIT PLAN

6. The Committee had before it a report by External Audit which set out the North East Scotland Pension Fund Annual Audit Plan 2018/19. The Committee heard from Ms Gillian Woolman, External Audit, on the main points from the report.

The report highlighted key audit risks and the planned audit work in respect of these, and set out the 2018/19 reporting arrangements to the Committee.

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The Committee resolved:-

- (i) to thank Ms Woolman for her informative presentation of the report; and
- (ii) to otherwise note the report.

The Board resolved:-

to note the decision of the Committee.

LOCAL GOVERNMENT IN SCOTLAND: FINANCIAL OVERVIEW 2017/18 - LOCAL GOVERNMENT PENSION FUNDS SUPPLEMENT

7. The Committee had before it the Local Government in Scotland: Financial Overview 2017/18 - Local Government Pension Funds Supplement for information. Ms Woolman advised that the document was produced by a central team and that she hoped it was helpful for Members to show the context for the NESPF.

The Committee resolved:-

to note the document.

The Board resolved:-

to note the decision of the Committee.

STRATEGY - PC/MAR19/STRAT

8. With reference to article 9 of the minute of its previous meeting, the Committee had before it a report by the Director of Resources which provided an update on any changes to the North East Scotland Pension Fund and the Aberdeen City Council Transport Fund strategies.

The report provided an update on the Pension Fund staffing situation and the staff structure review, noting that a number of areas had been identified as requiring minor adjustments and some additional resources to address the stress being levied on services and to future proof the Fund, providing further succession planning, increased governance assurance, and the delivery of efficiencies in the long-term. As a result, the Fund was seeking to add four additional posts.

The report also advised that officers were in discussion with Facilities Management at Aberdeen City Council in respect of any opportunity to relocate the Fund to more suitable accommodation, internally or externally to the Council. It was noted that due to increasing numbers of staff and the requirement for a more secure environment, there was unfortunately no suitable internal space and therefore a report would be presented to a future meeting of the Committee to set out any alternative suitable opportunities.

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The NESPF Data Quality Improvement Plan was also appended for approval.

The report also provided updates in respect of the Government consultation on a Pensions Dashboard online service and the Firstbus proposal which had been discussed at the previous Committee meeting in November.

The report recommended:-

that Committee -

- (a) approve the additional posts of 3 x Senior Pensions Officer and 1 x Assistant Pensions Officer (as set out in section 3.9.3 of the report);
- (b) consider and approve the NESPF Data Quality Improvement Plan; and
- (c) note the updates to Scheme policy documents as part of the annual review.

The Committee resolved:-

to approve the recommendations.

The Board resolved:-

to note the decision of the Committee.

STRATEGIC INFRASTRUCTURE PRIORITIES AND THE SCOTTISH LOCAL GOVERNMENT PENSION SCHEME - PC/MAR19/INFRA

9. With reference to article 1 of the minute of its previous meeting, the Committee had before it a report by the Director of Resources which addressed the earlier instruction to the Chief Officer – Finance to explore how the North East Pension Fund could invest locally in the North East, including, but not confined to, the strategic infrastructure priorities identified in the Regional Economic Strategy, City Region Deal and City Centre Masterplan, with a report back to the Pensions Committee of March 2019; and set out the risks, challenges and barriers as well as how a strategic partnership could be formed to support the development of the strategic infrastructure priorities.

The report recommended:-

that Committee instruct the Chief Officer – Finance to explore the opportunities for a strategic partnership between the Council, other stakeholders and the NESPF for the purposes of supporting local infrastructure investment, and to report on the feasibility of this within three committee cycles.

The Committee resolved:-

to approve the recommendation.

The Board resolved:-

to note the decision of the Committee.

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STATEMENT OF ACCOUNTS 2018/19 - ACTION PLAN - PC/MAR19/ACCOUNTS

10. The Committee had before it a report by the Director of Resources which provided high level information and key dates in relation to the 2018/19 Statement of Accounts, including any linkages to the plans and timetables of the Council's External Auditors.

The report recommended:-

that Committee note the contents of the report.

The Committee resolved:-

to approve the recommendation.

The Board resolved:-

to note the decision of the Committee.

BUDGET FORECAST AND PROJECTED SPEND 2018/19 - PC/MAR19/BUD

11. With reference to article 6 of the minute of its meeting of 30 November 2018, the Committee had before it a report by the Director of Resources which provided detail of the Management Expenses Budget / Forecast and Projected Spend 2018/19 for the North East Scotland Pension Fund (NESPF).

The report recommended:-

that Committee –

- (a) note the update on the NESPF Management Expenses Budget / Forecast and Projected Spend for 2018/19;
- (b) note the update on Pension Fund staff costs and staffing vacancies; and
- (c) note the update on the work undertaken by the NESPF Accounting team and the Global Custodian resulting in the clearance of a processing backlog.

The Committee resolved:-

to approve the recommendations.

The Board resolved:-

to note the decision of the Committee.

REVIEW OF NESPF COMPLIANCE WITH THE PUBLIC SERVICE PENSIONS ACT 2013 AND PENSION REGULATOR REQUIREMENTS - PC/MAR19/GOV

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12. With reference to article 12 of the minute of its meeting of 16 March 2018, the Committee had before it a report by the Director of Resources which provided a review of the NESPF's compliance with the Public Service Pensions Act 2013 and the Pension Regulation requirements relating to the Fund during the financial year 2018/19.

The report included detail on the meeting attendance, costs of operation and training attendance for the year, as well as the compliance review which was carried out by the Fund on a six monthly basis.

The report recommended:-

that Committee note the assurance provided in the report.

The Committee resolved:-

to approve the recommendation.

The Board resolved:-

to note the decision of the Committee.

GUARANTEED MINIMUM PENSION RECONCILIATION UPDATE - PC/MAR19/GMP

13. The Committee had before it a report by the Director of Resources which provided an update to Committee on the reconciliation of Guaranteed Minimum Pension (GMP) values held by the NESPF and HM Revenues and Customs.

The report recommended:-

that Committee note the outcome of the GMP reconciliation project and the decision of the Fund to not recover any overpayments of pension.

The Committee resolved:-

to approve the recommendation.

The Board resolved:-

to note the decision of the Committee.

In accordance with the decision taken under article 1 of this minute, the following report was considered with the press and public excluded.

ASSET & INVESTMENT MANAGER PERFORMANCE REPORT - PC/MAR19/AIMPR

14. With reference to article 11 of the minute of its previous meeting, the Committee had before it a report by the Director of Resources which provided a review of the

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investment activity of both the North East Scotland Pension Fund and the Aberdeen City Council Transport Fund for the three month period ending 31 December 2018.

Appended to the report was information in respect of the NESPF and environmental, social and governance matters and responsible investment. The Committee and Board heard from Ms Colliss in respect of the detail contained within the report.

The report recommended:-

that the Committee note the contents of the report.

The Committee resolved:-

- (i) to note that the Pension Fund had added its name to the Global Investment statement to governments in respect of climate change and to request that officers share this information more widely to promote the Pension Fund's involvement in respect of addressing climate change; and
- (ii) to approve the recommendation.

The Board resolved:-

to note the decision of the Committee.

MEMBERSHIP

15. The Convener noted the earlier report on NESPF Compliance with the Public Service Pensions Act 2013 and Pension Regulator Requirements, and the importance of Committee and Board Members attending meetings and training sessions. He noted that Mr Kevin Masson had not been in attendance for a number of meetings and requested that Councillor McKelvie, as Chair of the Pension Board, make contact with Mr Masson to ascertain if he was still in a position to act as Board member.

- **COUNCILLOR M. TAUQEER MALIK, Convener.**