

Pensions Committee

Annual Effectiveness Report 2020/2021



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1. INTRODUCTION

- 1.1 I am pleased to present the third annual effectiveness report for the Pensions Committee. The annual effectiveness report informs the annual review of the Council's Scheme of Governance and enables officers to identify if any changes are required, for example, to the Committee Terms of Reference, as well as being a helpful tool for good governance in terms of allowing the Committee to review how well its remit has been discharged throughout the year.
- 1.2 There were no changes made to the Terms of Reference for 2021. As usual however, these will continue to be monitored throughout the year and any comments made or issues raised throughout the year will be taken into consideration during next year's review.
- 1.3 The period of time covered in this year's report has obviously been particularly difficult as a result of the pandemic, and I would like to commend both my colleagues on the Committee and Board, and the officers who provide the Committee with such excellent support, for how everyone has adapted to the new ways of working. I thank all for their dedication and continued hard work over the reporting period.



Councillor M. Tauqeer Malik
Convener, Pensions Committee

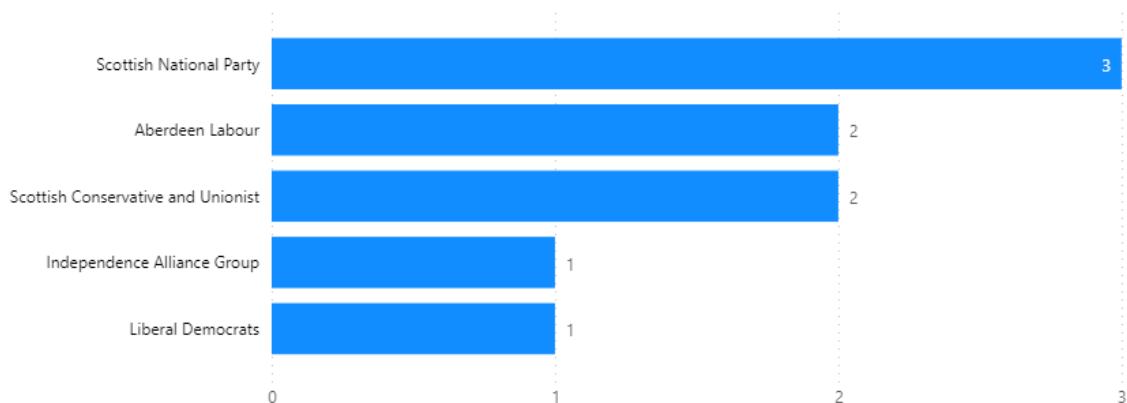
2. THE ROLE OF THE COMMITTEE

- 2.1** The Committee's role is to discharge all functions and responsibilities in respect of the Council's role as administering authority for the North East Scotland Pension Funds (NESPF). This includes managing the investment of the NESPF in accordance with the Local Government Pension Scheme (Management and Investment of Funds) (Scotland) Regulations 2010 and other relevant legislation. The Committee works alongside the Fund's Local Pension Board to consider any pension compliance matters raised.
- 2.2** The Terms of Reference for the Committee are appended to the report.

3. MEMBERSHIP OF THE COMMITTEE DURING 2020/2021

- 3.1** The Pensions Committee has 9 Elected Members and the composition is presented below.

Committee Political Balance (Seats)



4. MEMBERSHIP CHANGES

- 4.1** There were no changes to the Membership of the Committee during the reporting period.

5. MEMBER ATTENDANCE

Member	Total Anticipated Attendances	Total Attendances	Substitutions	Nominated Substitute
Councillors				
Philip Bell	5	4		
John Cooke	5	4	1	Christian Allard
Barney Crockett	5	5		
Steve Delaney	5	5		
Dell Henrickson	5	5		
Neil MacGregor	5	5		
M. Tauqeer Malik	5	5		
John Reynolds	5	4		
John Wheeler	5	4	1	Phillip Sellar

6. MEETING CONTENT

6.1 During the 2020/2021 reporting period (1 May 2020 to 31 October 2021) the Committee had 5 meetings and considered a total of 38 reports. One meeting in June 2020 was cancelled as a result of the pandemic, with all Committee meetings cancelled and only urgent matters of business being taken forward through meetings of the Urgent Business Committee. As a result, the NESPF unaudited annual report and accounts 2019/2020 were considered at the Urgent Business Committee of 30 June 2020 by Councillors who were either currently on the Pensions Committee or who had received the appropriate training.

6.2 Terms of Reference

Of the 38 reports received the following table details how the reports aligned to the Terms of Reference for the Committee.

Terms of Reference	Count of Terms of Reference
General Delegation 8.5	1
Remit 1.1	10
Remit 1.2	5
Remit 1.3	4
Remit 1.4	5
Remit 1.5	0
Remit 2.1	2
Remit 2.2	8
Remit 3.1	4
Remit 4.1	7
Remit 4.2	3
Remit 5.1	1
Remit 5.2	6

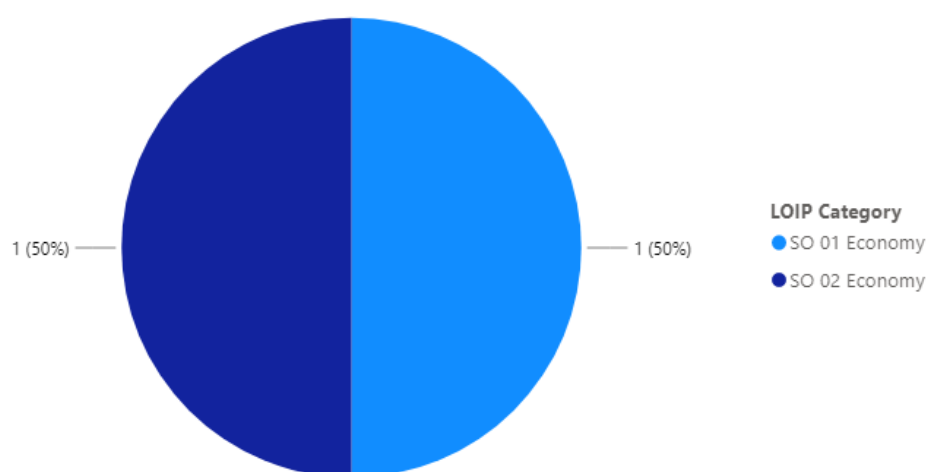
6.3 During the course of 2020/2021 all sections of the Committee's Terms of Reference were discharged throughout the course of the reporting period with the exception of 1.5 as there were no applications for admitted body

status. This would indicate that the Committee has discharged its role as determined by Council. There were also no changes proposed to the Pensions Committee Terms of Reference in the 2021 Scheme of Governance Review, with the exception of a numbering error which was corrected in the new version as it was not felt that any further refinement was required.

6.4 Local Outcome Improvement Plan

Due to the nature of the Pensions Committee remit, reports to the Committee are mainly for assurance and to allow the Members to scrutinise the operation and administration of the NESPF, therefore it is very unusual for any of the reports to be linked to the Local Outcome Improvement Plan stretch outcomes as can be seen from the chart below.

Reports with links to the LOIP



6.5 Reports and Committee Decisions

The following table details the outcome of the Committee's consideration of the 38 reports presented to it throughout the year.

Reports	Total
Number which were Exempt/Confidential	8 reports (21% of total number). The exempt reports are mainly those which present the Asset and Investment Manager Performance and are therefore exempt for financial reasons.
Number of reports where the Committee has amended officer recommendations	None. While additional wording may have been added, for example to thank staff for their work, the officer recommendations have been approved in each case.

Reports	Total
Number of reports approved unanimously	37 reports out of 38 (97%). There was one division in relation to the Training report presented to Committee in June 2021.
Number of reports requested by members during the consideration of another report to provide additional assurance and not in business planner	None.
Number of Service Updates requested	None. Where information has been unavailable at meetings in response to questions raised, this has been circulated outwith the meeting by email thereafter.
Number of decisions delayed for further information	None.
Number of times the Convener has had to remind Members about acceptable behaviour and the ethical values of Public Life	None.
Number of late reports received by the Committee (i.e. reports not available for inspection by members of the public at least three clear days before a meeting)	None, however one late Appendix was circulated in relation to the Asset and Investment Manager Performance report, although the report itself was published on time in the main agenda.
Number of referrals to Council, or other Committees in terms of Standing Order 34.1	None.

6.6 Notices of Motion, Suspension of Standing Orders, Interface with the Public

Number of notices of motion	None
Number of times Standing Orders were suspended and the specific Standing Orders suspended	None
Standing order number (ref)	N/A
Number of deputations or other indicators of interface with the public, i.e. engagement and social media.	There were no requests for deputation during the reporting period.

7. TRAINING REQUIREMENTS

- 7.1** While Pensions Committee members are not legally obliged to undertake training, the Funds feel strongly that Committee members should receive training to ensure that they have the necessary levels of knowledge and understanding to exercise their functions. In addition, training is a requirement of the Council's Standing Orders. As per the Training Plan agreed by Committee, Committee members are expected to undertake

two days of training per year.

7.2 Typically the Funds deliver more than two training sessions per year, however due to COVID-19 the number of sessions able to proceed was significantly reduced. However, the Funds were able to deliver training sessions and meet the Training Plan requirements. The training needs analysis conducted in 2019 will continue to be used to direct training in the coming year as the Funds continue to seek out training opportunities to support members, and training will be provided as required following any changes to membership.

7.3 Training Topics during the reporting period:

LGC Investment Seminar - 22 – 23 October 2020 - A virtual seminar held over two days, this event covered a range of topics including:

- The impact of COVID-19 on investments
- Climate change and sustainability
- Infrastructure
- Collaboration between Funds

Scottish LGPS Conference 2020 - 1 October 2020 & 8 October 2020 - An online conference with a number of presentations and panels covering:

- Pension administration
 - Triennial valuations
 - Governance
 - Investment markets
-
- PLSA Annual Conference (18-19 May 2021)
 - PLSA ESG Conference (30 June – 2 July 2021)
 - Annual Accounts Training by Laura Colliss/Jonathan Belford (26 August 2021)
 - Scottish LGPS training - Governance & Investments (6 October 2021)
 - The LGC Investment Seminar Scotland 2021 (21-22 October 2021)
 - Scottish LGPS training – Administration (29 October 2021)

8. CODE OF CONDUCT – DECLARATIONS OF INTEREST

8.1 No declarations of interest were made by Councillors during the reporting period. Information in respect of declarations of interest is measured to evidence awareness of the requirements to adhere to the Councillors' Code of Conduct and the responsibility to ensure fair decision-making.

9. OFFICER SUPPORT TO THE COMMITTEE

Officer	Anticipated Attendance (by named officer or representative)	Attendances (by named officer or representative)
Chief Officer – Finance	5	5
Pensions Manager	5	5
Chief Officer – Governance	5	5

10. EXECUTIVE LEAD'S COMMENTS

- 10.1** In March 2021, Council approved new Terms of Reference and a further review will be undertaken in March 2022. Although no changes were made to the Pensions Committee Terms of Reference, we will continue to review them over the next year in line with the business submitted to the Committee and reflect on whether any areas require refinement moving forward to ensure the efficient operation of the Committee.
- 10.2** Generally, the Committee considers the same reports at each point in the year in line with its role to monitor the administration of the NESPF. A major piece of work each year is the presentation and approval of the NESPF Annual Report and Accounts, a task made more onerous due to the impact of COVID-19. The draft accounts were however presented on time to the Pensions Committee in June 2021 and the final audited accounts were presented to the Pensions Committee in September 2021.
- 10.3** Following Committee approval in September 2020 and a thorough procurement process, NESPF reappointed ISIO as the Fund's Investment Consultant as at 1 August 2021.
- 10.4** Another major area of work this year has been the Buy in of the Aberdeen City Council Transport Fund pensioner liabilities which included Aberdeen and the merged Strathclyde members. The move, at the request of First Group was a substantial project that involved close working partnerships to ensure a smooth transition, which was completed in November 2020.
- 10.5** The NESPF continues to source technological improvements and systems to push administration and communications online, while seeking additional opportunities across all areas of the Fund to improve service delivery.
- 10.6** NESPF completed the fit out of its new office in November 2020, and is looking forward to fully utilising the space when guidelines allow.
- 10.7** The 2020 Triennial Valuation was successfully signed off in March 2021, providing funding levels of 103% for NESPF and 114% for the Aberdeen City Council Transport Fund.

11. NEXT YEAR'S FOCUS

11.1 Work for the NESPF in 2021/22 includes the usual delivery of essential services in addition to a number of already planned projects, such as

- preparation for the 2023 triennial valuation
- robotics to deliver automation for standard repetitive processes
- reporting review
- ESG policy review; and
- communication review.

**PENSIONS COMMITTEE
TERMS OF REFERENCE**

1.	Finance and Risk Management
	The Committee will:-
1.1	approve the Funding Strategy Statement, produced in light of the Fund's assets and liabilities, and appoint or remove Fund Managers or new financial vehicles in furtherance of the strategy;
1.2	approve the budget and expenditure in connection with the administration of the Fund;
1.3	ensure that an effective system of internal financial control is maintained through scrutinising financial information presented to Committee;
1.4	ensure effective risk management of the Fund through monitoring of adherence to the Fund Risk Management Policy and regular scrutiny of the Fund risk register; and
1.5	determine applications for Admitted Body Status.
2.	Internal and External Audit
	The Committee will:-
2.1	approve the annual audit plans in relation to the Fund; and
2.2	consider all reports prepared by the Council's Internal and External Auditors in relation to the Fund.
3.	Annual Report and Accounts
	The Committee will:-
3.1	approve the Annual Report and Accounts, including the Annual Governance Statement.
4.	Legal Obligations
	The Committee will ensure:-
4.1	compliance with the Local Government Pension Scheme (Scotland) Regulations as amended and with all other legislation governing the administration of the Fund; and
4.2	adherence to the principles set out in the Pension Regulator's Code of Practice.
5.	Scrutiny
	The Committee will:-
5.1	monitor and approve the administration of the Local Government Pension Scheme (LGPS) in accordance with the LGPS (Scotland) Regulations 2018 and other relevant legislation; and
5.2	scrutinise the performance of Fund Managers, including in relation to environmental, social and governance (ESG) and voting matters, through regular performance reports to Committee.

