

PENSIONS COMMITTEE AND PENSION BOARD

ABERDEEN, 24 June 2022. Minute of Meeting of the PENSIONS COMMITTEE AND PENSION BOARD. Present:- Councillor Cooke, Convener; Councillor MacGregor, Vice-Convener; and Councillors Alphonse, Clark, Crockett (for articles 1 to 9), Cross, Davidson, Henrickson, Malik, Massey, McRae, Stewart and Tissera (Pensions Committee); and Mr N Stirling, Chairperson; Councillors Copland (as substitute for Councillor Mennie) and Smith; and Mr I Hodgson, Mrs M Lawrence, Mr A Walker and Mr G Walters.

Also in attendance:- Jonathan Belford, Chief Officer – Finance; Laura Colliss, Pensions Manager; Graham Buntain, Investment Manager; Jamie Dale, Chief Internal Auditor; and Colin Morrison, 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 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 11.1 (Asset and Investment Manager Performance Report) and 11.2 (Investment Strategy).

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 the above-mentioned items so as to avoid disclosure of exempt information of the class described in paragraph 6.

DECLARATIONS OF INTEREST AND TRANSPARENCY STATEMENTS

2. There were no declarations of interest nor transparency statements.

MINUTE OF PREVIOUS MEETING OF 25 MARCH 2022

3. The Committee had before it the minute of its previous meeting of 25 March 2022 for approval.

The Committee resolved:-

to approve the minute as a correct record.

The Board resolved:-

to note the decision of the Committee.

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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 ANNUAL REPORT 2021/2022 - IA/22/001

5. The Committee had before it a report by the Chief Internal Auditor which set out Internal Audit's Annual Report for the North East Scotland Pension Fund (NESPF) for 2021-22. The report advised that in the opinion of the Chief Internal Auditor, the NESPF had an adequate and effective framework for Governance, Risk Management and Control, covering the period 1 April 2021 to 31 March 2022.

Members heard from Mr Jamie Dale, Chief Internal Auditor, in relation to the report.

The report recommended:-

that the Committee –

- (a) note the Annual Report for 2021-22;
- (b) note that the Chief Internal Auditor had confirmed the organisational independence of Internal Audit;
- (c) note that there had been no limitation to the scope of Internal Audit work during 2021-22; and
- (d) note the progress that management had made with implementing recommendations agreed in Internal Audit reports.

The Committee resolved:-

to approve the recommendations.

The Board resolved:-

to note the decision of the Committee.

UNAUDITED ANNUAL REPORT AND ACCOUNTS - PC/JUN22/ARA

6. The Committee had before it a report by the Director of Resources which presented the unaudited Annual Report and Accounts for the North East Scotland Pension Fund and the Aberdeen City Council Transport Fund. The report advised that

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the audited version of the accounts would be presented to the Committee at a later date for consideration and signing.

The Committee heard from Mr Jonathan Belford, Chief Officer – Finance, in relation to the report.

The report recommended:-

that Committee review and consider the unaudited Annual Report and Accounts for the North East Scotland Pension Fund and the Aberdeen City Council Transport Fund.

The Committee resolved:-

- (i) to thank officers for the work which had gone in to preparing the unaudited annual report and accounts; and
- (ii) to otherwise note the report.

The Board resolved:-

to note the decision of the Committee.

FUNDING STRATEGY STATEMENT 2022 - PC/JUN22/FSS

7. The Committee had before it a report by the Director of Resources which sought approval of the draft Funding Strategy Statement 2022 which incorporated changes to reflect the new regulations on employer flexibilities which came into force with effect from 1 June 2022, and which also provided the ability for the Fund to adopt different investment strategies as a risk management solution.

The report recommended:-

that the Committee approve the draft Funding Strategy Statement.

The Committee resolved:-

to approve the recommendation.

The Board resolved:-

to note the decision of the Committee.

STRATEGY - PC/JUN22/STRAT

8. 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.

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The report provided an update on the Local Government Pension Scheme (Scotland) (Miscellaneous Amendments) Regulations 2022; the “McCloud Remedy” Regulations; the 23 breaches of law recorded in the NESPF breaches register during 21/22, the majority of which related to employers’ failure to meet statutory obligations in relation to late payment of pensions contributions, but were not deemed to be of material significance and did not require to be reported to the Pensions Regulator; the online training portal; and the usual risk register and Pensions Administration Strategy updates.

It was further noted that there had been minor amendments to the following documents which could be viewed in the secure trustee area of the NESPF website:-

- Appointment Process for the Local Pensions Board (update to include reference to Hymans Online Learning Academy)
- Governance Policy (amended from 9 to 13 Committee members)
- Compliance with the Myners Principles (minor corrections/design changes)
- Overpayments Policy (minor corrections/design changes)
- Fire Safety (Local) Policy *NEW* (covers fire safety procedures for MSq2)
- Training Policy (update to include reference to Hymans Online Learning Portal, clarification to wording on minimum training requirements)

Finally, the report also requested approval of an amended Authorised Signatory List and that the Committee agree to delegate authority to the Chief Officer – Governance, in consultation with the Chief Officer – Finance, to make any further updates and minor amendments to the list.

The report recommended:-

that the Committee –

- (a) note the revisions to the NESPF Policy documents set out in the main report;
- (b) approve the updated Authorised Signatory List in respect of the Aberdeen City Council Pension Fund, to take effect from 1 September 2022; and
- (c) authorise the Chief Officer – Governance (following consultation with the Chief Officer – Finance) to (i) make further updates to the Authorised Signatory List to reflect any changes to personnel holding the posts listed therein and any changes to the post titles listed therein, and (ii) make any minor amendments to the List which may be necessary.

The Convener advised that since the report had been finalised, Ross Campbell had been appointed permanently to the role of Team Leader – Property, and therefore congratulated Mr Campbell and asked Members to agree that this be reflected in the Committee decision.

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The Committee resolved:-

- (i) to request that officers provide a response to Councillor Stewart outwith the meeting in relation to her query as to how many people would be affected by the change in respect of survivor benefits; and
- (ii) to approve the recommendations, subject to subject to Ross Campbell being identified as Team Leader – Property in the Authorised Signatory List.

The Board resolved:-

to note the decision of the Committee.

TRAINING - PC/JUNE22/TRA

9. The Committee had before it a report by the Director of Resources which provided details of the training plan for 2022-2023 for the Pensions Committee and Pension Board.

The report recommended:-

that the Committee –

- (a) agree the annual and one-off proposed training set out in the attached report:
 - approve the travel of members to the training session in London
 - approve the travel of members to attend external training opportunities
 - approve the travel of members to attend LAPFF meetings; and
- (b) note the requirement to have completed the Pensions Regulator online training and the Hymans online training in line with the Training Policy.

The Convener, seconded by Councillor Henrickson, moved:-

That the Committee –

- (a) agree the annual and one off proposed training set out in the attached report, with the exception that the proposed training session in London is held in Aberdeen instead, with fund managers either attending in person, or providing training virtually and:
 - approve the travel of members to attend external training opportunities
 - approve the travel of members to attend LAPFF meetings; and
- (b) note the requirement to have completed the Pensions Regulator online training and the Hymans online training in line with the Training Policy.

Councillor Crockett, seconded by Councillor Stewart, moved as an amendment:-

That the Committee approve the recommendations as set out in the report.

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On a division, there voted:- for the motion (7) - the Convener; the Vice Convener; and Councillors Alphonse, Clark, Davidson, Henrickson and Mcrae; for the amendment (6) – Councillors Crockett, Cross, Malik, Massey, Stewart and Tissera.

The Committee resolved:-
to adopt the motion.

The Board resolved:-
to note the decision of the Committee.

In accordance with the decision taken under article 1, the following items were considered with the press and public excluded.

ASSET AND INVESTMENT MANAGER PERFORMANCE REPORT - PC/JUNE22/AIMPR

10. The Committee had before it a report by the Director of Resources which presented a review of the investment activity of both the North East Scotland Pension Fund and the Aberdeen City Council Transport Fund for the three month period ending 31 March 2022.

Members heard from Mr Buntain in respect of the detail in the report.

The report recommended:-
that Committee note the contents of the report for assurance.

The Committee resolved:-
to note the report.

The Board resolved:-
to note the decision of the Committee.

INVESTMENT STRATEGY UPDATE - PC/JUNE22/INVSTRAT

11. The Committee had before it a report by the Director of Resources which presented a review of the investment re-balancing activity and updated Baillie Gifford fee proposal for the North East Scotland Pension Fund for the three month period ending 31 March 2022.

The report recommended:-
that the Committee note the content of the report for assurance.

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The Committee resolved:-

to note the report.

The Board resolved:-

to note the decision of the Committee.

- **COUNCILLOR JOHN COOKE, Convener**