

## **PENSIONS COMMITTEE AND PENSION BOARD**

ABERDEEN, 5 October 2022. Minute of Meeting of the PENSIONS COMMITTEE AND PENSION BOARD. Present:- Councillor Cooke, Convener; Councillor MacGregor, Vice-Convener; and Councillors Alphonse, Clark, Crockett, Cross, Davidson, Henrickson, Malik, Massey, McRae, Stewart and Tissera (Pensions Committee); and Mr I Hodgson, Chairperson; Mrs M Lawrence, Vice Chairperson, Councillors Copland (as substitute for Councillor Mennie), Leadbitter and Smith; and Mr N Stirling, Mr A Walker and Mr G Walters (Pension Board).

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.**

### **WELCOME**

1. The Convener welcomed everyone to the meeting, particularly Councillor Graham Leadbitter, who was the new Moray Council representative on the Pension Board.

### **DETERMINATION OF URGENT BUSINESS**

2. At this juncture, Councillor Malik moved an urgent motion asking the Committee to consider the following:-

That Committee:-

- (a) notes that Aberdeen has been well served by having a member on the Local Authority Pension Fund Forum;
- (b) notes that the forum is made up from 83 local authorities throughout the UK;
- (c) notes that councillor Malik represented Aberdeen as Executive member on the LAPFF from 2020 to 2022 and was the only ethnic minority voice on the forum; and
- (d) agrees that Aberdeen City Council is a diverse Council that respects diversity as an inclusive organisation therefore agrees to endorse Councillor Malik as the LAPFF representative and amend the budget forecasts to reflect this position.

The Convener did not accept that the matter was urgent and therefore in terms of Standing Order 36.3, ruled that it would not be put before the Committee for consideration.

**Councillor Tissera stated that she wished to record her dissent at the decision.**

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### **DETERMINATION OF EXEMPT BUSINESS**

3. 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 10.1 (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 the above-mentioned item so as to avoid disclosure of exempt information of the class described in paragraph 6.

### **SCHEME UPDATE**

4. The Convener advised that he had asked Ms Colliss to provide a few words on the current financial situation. Ms Colliss advised that some of the reports in the press in relation to pension funds were misleading, grouping all funds together. She explained that the Local Government Pension Scheme was very different in how it was managed and the assets that were held, and that the funds referred to in press articles were in fact corporate schemes, rather than LGPS. Ms Colliss advised that when the articles referred to schemes having to sell assets to raise money and manage their responsibilities, the NESPF was not in that position, as the LGPS was a government backed, guaranteed scheme, and the NESPF was well-funded, with the backing of Aberdeen City Council as administering authority and the Scottish Government.

### **DECLARATIONS OF INTEREST AND TRANSPARENCY STATEMENTS**

5. There were no declarations of interest nor transparency statements made.

### **MINUTE OF PREVIOUS MEETING OF 24 JUNE 2022**

6. The Committee had before it the minute of its previous meeting of 24 June 2022 for approval.

The Clerk advised that a member of the Board had raised that while the minute style stated that 'The Board resolved to note' the decisions of the Committee, this was not verbally stated at meetings and therefore to more accurately reflect the process, the Clerk proposed that this sentence be removed from both the previous minute of 24 June 2022 and future minutes, noting that if there was to be dissent from the Board at any point in future, this would of course be included in the minutes.

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**The Committee resolved:-**

to approve the minute, subject to the removal of the 'The Board resolved to note the decision of the Committee' from the text.

**BUSINESS PLANNER**

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

**The Committee resolved:-**

- (i) to note the reason set out in the planner for the delay to item 9 (NESPF Annual Report and Accounts) and that the report would now be presented to the December meeting; and
- (ii) to otherwise note the planner.

**BUDGET/FORECAST 2022/23 - PC/SEP22/BUD**

8. The Committee had before it a report by the Chief Officer – Finance which provided details of the Management Expenses Budget/Forecast 2022/23 for the North East Scotland Pension Fund (NESPF).

**The report recommended:-**

that the Committee approve the NESPF Management Expenses Budget/Forecast 2022/23, shown in Appendix 1 to the report.

**The Committee resolved:-**

to approve the recommendation.

**INTERNAL AUDIT UPDATE REPORT - IA/22/002**

9. The Committee had before it a report by the Chief Internal Auditor which provided an update on Internal Audit's work since the last update to Committee, including progress against the approved Internal Audit plans, audit recommendations follow up, and other relevant matters for the Committee.

Members heard from Mr Jamie Dale, Chief Internal Auditor, in respect of the report and asked a number of questions. Mr Dale advised the Committee that of the ten outstanding recommendations, all had been closed off.

**The report recommended:-**

that the Committee –

- (a) note the progress of the Internal Audit plan;

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- (b) note the progress that management had made with implementing recommendations agreed in Internal Audit reports;
- (c) note the approach to be taken for the 2023-2026 audit planning process; and
- (d) note the current staffing level within Internal Audit.

**The Committee resolved:-**

to note the report.

**INTERNAL AUDIT REPORT AC2213 - PENSIONS SYSTEM - IA/AC2213**

**10.** The Committee had before it a report by the Chief Internal Auditor which presented the Internal Audit report on the Pensions System, which had been undertaken to consider whether appropriate control was being exercised over the system used to administer the Fund, including access, contingency planning and disaster recovery, data input, and that interfaces to and from other systems were accurate and properly controlled. The report set out a number of audit recommendations and Mr Dale advised that Management had agreed the recommendations.

**The report recommended:-**

that Committee review, discuss and comment on the issues raised within the report and the attached appendix.

**The Committee resolved:-**

to note the report.

**STRATEGY - PC/SEPT22/STRAT**

**11.** 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.

The report provided an update on the results of the first cost cap valuation for the LGPS (Scotland); the draft Pensions Dashboards Regulations and the requirement for Pension Schemes to meet the required standards (connection, security and technical) and to be able to respond to final requests, complete matching and provide administrative and signpost data on request; details of the progress with issuing pension fund annual benefits statements; and a copy of the Pension Board annual report for 2021/2022.

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:-

- Data Protection Policy (minor updates for clarity)
- Corporate Governance and Corporate Social Responsibility Policy (minor updates e.g. fund asset amount)

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- Employer Engagement Policy (removal of temporary paragraphs relating to Covid-19 restrictions)
- Communication Policy (removal of temporary paragraphs relating to Covid-19 restrictions)
- Statement of Investment Principles (minor update to fund managers section)
- Governance Compliance Statement (updated to reflect changes in Committee structure from May 2022)

**The report recommended:-**

that the Committee note the work undertaken to review and update the scheme policy documents, as set out in section 6.4 of the main report, to ensure continuing compliance with the Local Government Pension Scheme Regulations.

**The Committee resolved:-**

to note the report.

**In accordance with the decision taken under article 3, the following item was considered with the press and public excluded.**

**ASSET AND INVESTMENT MANAGER PERFORMANCE REPORT -  
PC/AIMPR/SEP22**

12. 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 30 June 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.

- **COUNCILLOR JOHN COOKE, Convener**