

PENSIONS COMMITTEE AND PENSION BOARD

ABERDEEN, 16 December 2022. Minute of Meeting of the PENSIONS COMMITTEE AND PENSION BOARD. Present:- Councillor Cooke, Convener; Councillor MacGregor, Vice-Convener; and Councillors Allard, Alphonse, Bonsell, Davidson, Henrickson and McRae (Pensions Committee); and Mrs M Lawrence, Vice Chairperson; Councillors Leadbitter, Mennie 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; and Rachel Browne 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 Councillor Bonsell to her first meeting of the Committee and also welcomed Councillor Allard, noting that this was his first meeting but that he had previously been a member of the Committee in the last Council term.

DETERMINATION OF EXEMPT BUSINESS

2. 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 – Items 11.1 (Investment Strategy Update) and 11.2 (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 items so as to avoid disclosure of exempt information of the class described in paragraphs 6 and 12 (Item 11.1) and paragraph 6 (Item 11.2).

DECLARATIONS OF INTEREST AND TRANSPARENCY STATEMENTS

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

MINUTE OF PREVIOUS MEETING OF 5 OCTOBER 2022

4. The Committee had before it the minute of its previous meeting of 5 October 2022 for approval.

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The Committee resolved:-

to approve the minute as a correct record.

BUSINESS PLANNER

5. 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 8 (Pensions Committee Annual Effectiveness Report) and that the report would now be presented to the September 2023 meeting; and
- (ii) to otherwise note the planner.

EXTERNAL AUDIT ANNUAL AUDIT REPORT 2021/22

6. The Committee had before it a report by the External Auditor on the 2021/2022 Annual Audit of the North East Scotland Pension Fund. The report noted that auditors were required to report on specific matters arising from the audit of the financial statements to those charged with governance of a body, prior to the financial statements being approved and certified. The report advised that the financial statements gave a true and fair view of the financial position of the North East Scotland Pension Funds at 31 March 2022 and the transactions for 2021/22.

In the opinion of External Audit:-

- the information given in the Management Commentary for the financial year for which the financial statements were prepared was consistent with the financial statements and the report had been prepared in accordance with statutory guidance issued under the Local Government in Scotland Act 2003;
- the information given in the Annual Governance Statement for the financial year for which the financial statements were prepared was consistent with the financial statements and the report had been prepared in accordance with the Delivering Good Governance in Local Government: Framework (2016); and
- the information given in the Governance Compliance Statement for the financial year for which the financial statements were prepared was consistent with the financial statements and the report had been prepared in accordance with The Local Government Pension Scheme (Scotland) Regulations 2018.

The audit further noted that although Fund performance levels in 2021/22 were below the annual target, due to the impact of Covid-19 and other world events, the Fund had appropriate and effective financial management arrangements in place which included

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comprehensive reporting of investment performance. Medium-term financial planning arrangements were considered to be appropriate and effective.

The audit concluded that governance arrangements were appropriate and operated effectively during 2021/22, however the External Auditor noted that there had been several membership changes in the Pensions Committee during 2022 and considered that this reinforced the need for member engagement with robust training and development.

The Committee heard in detail from Ms Browne in respect of the report. Ms Browne concluded by advising that External Audit wished to record their thanks for staff for the support received during the audit and their time as External Auditor for the Committee.

Members asked a number of questions of Ms Browne and officers.

The Committee resolved:-
to note the report.

**CONSIDERATION AND SIGNING OF AUDITED ANNUAL REPORT AND ACCOUNTS
- PC/DEC22/ARA**

7. The Committee had before it a report by the Director of Resources which presented the Audited Annual Report and Accounts for the North East Scotland Pension Fund (NESPF) and the Aberdeen City Council Transport Fund (ACCTF) for consideration and signing.

The Committee heard from Mr Belford in respect of the report. Mr Belford stated that he wished to record his thanks to the NESPF team and to External Audit for the work undertaken in the production of the annual report and accounts.

Members asked a number of questions of officers in respect of the report.

The report recommended:-
that the Committee –

- (a) consider and approve the Audited Annual Report and Accounts for the North East Scotland Pension Fund and the Aberdeen City Council Transport Fund; and
- (b) instruct the Chief Officer – Finance, as the Local Government (Scotland) Act 1973 – Section 95 Officer, to sign the accounts on behalf of the Funds.

The Committee resolved:-

- (i) to thank staff for the work in preparing the annual report and accounts;
- (ii) to note that the annual training report contained high level information on upcoming training, but to request that officers provide further detail where possible to set out the programme for Member training for the year;

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- (iii) to note that officers would work to develop a programme to address where further training might be helpful to Members, with the possible inclusion of personal development plans;
- (iv) to request that officers give consideration to providing training on environment, social and governance matters to Members; and
- (vv) to approve the recommendations.

BUDGET/FORECAST AND PROJECTED SPEND 2022/2023 - PC/DEC22/BUD

8. The Committee had before it a report by the Director of Resources which provided details of the Management Expenses Budget/Forecast and Projected Spend 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 and Projected Spend, shown in Appendix 1 to the report.

The Committee resolved:-

- (i) to note that officers would bring a report to a future meeting of the Committee in respect of employer exits from the Fund and the circumstances surrounding these;
- (ii) to note that officers would facilitate a separate discussion with the Committee and Board in respect of whether there was a role for Members in supporting the Employer Relations Team to help employers to remain with the Fund; and
- (iii) to approve the recommendation.

STRATEGY - PC/DEC22/STRAT

9. 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 a final update on the issuing of the annual benefit statements, noting that the project had now been successfully completed; a reminder about the training available to Members on the Hymans Learning Academy; information on documents which had been updated as part of the annual governance review process, namely the Conflicts of Interest Policy (minor changes to improve readability) and the Breaches of Law Policy (very minor changes to improve readability); and included a request for approval for officer travel overseas to various Advisory Committees.

The report recommended:-

that the Committee –

- (a) note the final outcome of the annual benefit statement project, which was completed successfully, for assurance (6.2 of the main report);
- (b) note the updates to the Fund Policy documents as set out in 6.4;

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- (c) approve the travel for one Advisory Committee Officer (Pension Fund Manager or suitable Officer substitute) to attend the following Advisory Committee (as per item 6.5):
- RCP, June 2023, Chicago
 - Unigestion, June 2023, Milan Italy
 - HarbourVest, December 2023, Boston; and
- (d) delegate authority to the Chief Officer – Finance, following consultation with the Convener of the Pensions Committee, to approve travel for one Advisory Committee Officer (Pension Fund Manager or Suitable Officer Substitute) to attend the following Advisory Committee meetings once locations and times had been confirmed:
- Partners Group, March 2023, location to be confirmed
 - Blackrock, April 2023, location to be confirmed
 - IFM, date and location to be confirmed
 - Blackrock, date and location to be confirmed

The Committee resolved:-

to approve the recommendations.

PENSIONS ADMINISTRATION STRATEGY - PC/DEC/PAS

10. The Committee had before it a report by the Director of Resources which presented the draft Pensions Administration Strategy (PAS) for approval. The report advised that the PAS had been last approved in 2017 and therefore had been reviewed to bring it in line with current processes and requirements.

The report noted that the underlying objectives of the PAS were as follows:

- To provide high quality pension service delivery
- Paying pensions and calculating benefits due accurately and on time
- Good working relationships between the North East Scotland Pension Fund (NESPF) and its participating employers
- Delivery of the Local Government Pension Scheme (LGPS) requirements in line with the scheme regulations and compliance around the Codes of Practice put in place around service delivery and service standards.

The draft PAS set out how these objectives would be achieved with the Fund and the employers working together.

The report recommended:-

that the Committee approve the draft NESPF Pension Administration Strategy 2022 as attached at Appendix 1.

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The Committee resolved:-

to approve the recommendation.

In accordance with the decision taken under article 2, the following item was considered with the press and public excluded.

INVESTMENT STRATEGY UPDATE - PC/DEC22/INVSTRAT

11. The Committee had before it a report by the Director of Resources which provided a review of the investment re-balancing activity for the North East Scotland Pension Fund (NESPF) for the three month period ending 30 September 2022. The report also provided an update the Under Armour Class Action.

Members heard from Mr Buntain in respect of the report and asked a number of questions.

The report recommended:-

that the Committee note the contents of the report for assurance.

The Committee resolved:-

to note the report.

**ASSET AND INVESTMENT MANAGER PERFORMANCE REPORT -
PC/DEC22/AIMPR**

12. The Committee had before it a report by the Director of Resources which provided a review of the investment activity of the North East Scotland Pension Fund and the Aberdeen City Council Transport Fund for the three month period ending 30 September 2022.

Members heard from Mr Buntain in respect of the report and asked a number of questions.

The report recommended:-

that the Committee note the content of the reports for assurance.

The Committee resolved:-

(i) to request that officers investigate whether it would be possible to use the graphics in future reports to outline the NESPF voting patterns at the Local Authority Pension Fund Forum, as well as any effect of the LAPFF on environmental, social and governance matters; and

(ii) to note the report.

- **COUNCILLOR JOHN COOKE, Convener**