

## **PENSIONS COMMITTEE AND PENSION BOARD**

ABERDEEN, 15 December 2023. Minute of Meeting of the PENSIONS COMMITTEE AND PENSION BOARD. Present:- Councillor Cooke, Convener; Councillor MacGregor, Vice-Convener; and Councillors Allard, Alphonse, Cross, Davidson, Henrickson, Massey, McLellan, McRae and van Sweeden (Pensions Committee); and Mrs M Lawrence, Chairperson; Councillor Smith, Vice Chairperson; Councillors Leadbitter and Mennie; and Mr N Stirling and Mr A Walker (Pension Board).

Also in attendance:- Jonathan Belford, Chief Officer – Finance; Laura Colliss, Pensions Manager and Graham Buntain, Investment Manager.

**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.**

### **ANNOUNCEMENT**

1. The Convener advised Members that Councillor Leadbitter would be stepping down from the Pension Board following today's meeting. He would be replaced by Councillor David Gordon who was in attendance to observe the meeting. The Convener welcomed Councillor Gordon and thanked Councillor Leadbitter for his helpful participation and contributions at meetings over the years.

### **DETERMINATION OF EXEMPT BUSINESS**

2. 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 10.1 (Termination of Admission Agreement – First Aberdeen), 10.2 (Investment Strategy Update) and 10.3 (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 classes described in paragraphs 6 and 12.

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

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

**PENSIONS COMMITTEE AND PENSION BOARD**

15 December 2023

**MINUTE OF PREVIOUS MEETING OF 15 SEPTEMBER 2023**

4. The Committee had before it the minute of its previous meeting of 15 September 2023 for approval.

**The Committee resolved:-**

to approve the minute as a correct record.

**BUSINESS PLANNER**

5. The Committee had before it the planner of committee business as prepared by the Interim Chief Officer – Governance (Legal).

**The Committee resolved:-**

to note the business planner.

**BUDGET / FORECAST 2023/2024 - PC/DEC23/BUD**

6. The Committee had before it a report by the Director of Resources which set out the Management Expenses Budget/Forecast and projected spend 2023/24 for the North East Scotland Pension Fund (NESPF).

Members asked a number of questions on the report, particularly in relation to the staffing costs variance and a mismatch with the offset from vacant posts (page 20 of the agenda refers).

**The report recommended:-**

that the Committee note the update on the NESPF Management Expenses Budget/Forecast and projected spend 2023/24, shown in the main report.

**The Committee resolved:-**

- (i) to note that officers would consider the presentation of data in future reports to address the points raised in respect of the staffing costs; and
- (ii) to otherwise note the report.

**2023 ACTUARIAL VALUATION INITIAL RESULTS AND FUNDING STRATEGY STATEMENT - PC/DEC23/VAL**

7. The Committee had before it a report by the Director of Resources which provided details of the 2023 triennial valuation for the North East Scotland Pension Fund including the proposed assumptions outlined in the Draft Funding Strategy Statement.

## **PENSIONS COMMITTEE AND PENSION BOARD**

15 December 2023

### **The report recommended:-**

that the Committee –

- (a) agree the funding approach outlined in the 2023 Funding Strategy Statement including the assumptions used in the calculation of the Fund liabilities for the triennial valuation as at 31 March 2023; and
- (b) note the overall whole Fund valuation as at 31 March 2023 (using the proposed assumptions).

### **The Committee resolved:-**

- (i) to note that officers would provide the scheme actuary commentary in respect of the proposed contribution rates, either before or alongside the report to the March Committee; and
- (ii) to approve the recommendations.

## **PENSIONS COMMITTEE ANNUAL EFFECTIVENESS REPORT - COM/23/340**

8. The Committee had before it a report by the Director of Commissioning which presented the annual report of the Pensions Committee to enable Members to provide comment on the data contained within.

### **The report recommended:-**

that the Committee –

- (a) provide comments and observations on the data contained within the annual report; and
- (b) note the annual report of the Pensions Committee.

### **The Committee resolved:-**

- (i) to note that officers would consider how best to communicate decisions taken at the Committee to other Members in future to ensure awareness; and
- (ii) to otherwise note the report.

## **STRATEGY - PC/DEC23/STRAT**

9. The Committee had before it a report by the Director of Resources which provided an update to Committee and made recommendations (where applicable) to changes to the North East Scotland Pension Fund (NESPF).

The report provided a final update on the project to issue all active and deferred members with annual benefit statement information; notification that the McCloud Remedy had become law through The Local Government Pension Scheme (Remediable Service)(Scotland) Regulations 2023 on 1 October 2023; an update on Hymans Knowledge Progress Assessment, as well as the usual Pension Administration Strategy and Risk Register updates. There was also information on the fact that Aberdeen Cyrenians had terminated their admission agreement with the NESPF as of 31 October

## **PENSIONS COMMITTEE AND PENSION BOARD**

15 December 2023

2023. The report also sought approval for officer travel in respect of various Advisory Committees.

Members asked a number of questions in relation to the information provided in the report.

### **The report recommended:-**

that the Committee –

- (a) note the final outcome of the annual benefit statement project, which was completed successfully, for assurance (4.1 of the main report);
- (b) approve the travel for one Advisory Committee Officer (Pension Fund Manager or suitable Officer substitute) to attend the following Advisory Committee (as per item 6.2 of the main report);
  - Partners Group, March 2024 – Miami, US
  - HarbourVest, May 2024 – Boston, US
  - Robbins Geller, June 2024 – Baltimore, US
  - Unigestion, June 2024 – Lucerne, Switzerland
  - RCP, October 2024 – Chicago, US
  - IFM, October 2024 – US
  - HarbourVest, December 2024 – Boston, US;
- (c) 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 have been confirmed:
  - Blackrock, Date and Location to be confirmed
  - Capital Dynamics, Date and Location to be confirmed; and
- (d) note the update to the Fund policy documents as detailed in 6.4 of the main report.

### **The Committee resolved:-**

- (i) in relation to questions around third sector organisations remaining with the Fund, to note that officers would provide detail around the optics of this on an annual basis; and
- (ii) to approve the recommendations.

**In accordance with the decision taken under article 2, the following items were considered with the press and public excluded**

## PENSIONS COMMITTEE AND PENSION BOARD

15 December 2023

### TERMINATION OF ADMISSION AGREEMENT - FIRST ABERDEEN - PC/DEC23/TERM

10. The Committee had before it a report by the Director of Resources which provided details of the termination of First Aberdeen from the North East Scotland Pension (NESPF) with effect from 31 October 2023.

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

**The report recommended:-**

that the Committee –

- (a) note that First Aberdeen have ceased to participate within the NESPF with effect from 31 October 2023;
- (b) note that the scheme actuary will calculate the final surplus exit credit in line with the requirements of the Local Government Pension Scheme (Scotland) Regulations 2018; and
- (c) delegate authority to the Chief Officer – Finance, in consultation with the Interim Chief Officer – Governance, to sign off the final calculated surplus exit credit amount for payment to First Aberdeen.

**The Committee resolved:-**

- (i) to thank Mr Ian Hodgson, First Group, for his participation and helpful questions and contributions during his time on the Pension Board; and
- (ii) to approve the recommendations.

### INVESTMENT STRATEGY UPDATE - PC/DEC23/INVSTRAT

11. The Committee had before it a report by the Director of Resources which provided an update in relation to the ongoing Under Armour Class Action relating to the North East Scotland Pension Fund (NESPF) for the three month period ending 30 September 2023, and also set out information on the annual PRI (Principles for Responsible Investment) submission in respect of the Fund's Environmental Social and Governance (ESG) capabilities.

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:-**

- (i) to note that officers would give consideration to the points made by Members in relation to the Fund issuing communications on investments and ESG, which could assist in the number of Freedom of Information requests received; and
- (ii) to otherwise note the report.

**PENSIONS COMMITTEE AND PENSION BOARD**

15 December 2023

**ASSET AND INVESTMENT MANAGER PERFORMANCE REPORT -  
PC/DEC23/AIMPR**

12. The Committee had before it a report by the Director of Resources which provided a review of the investment activity of both the North East Scotland Pension Fund and the merged former Aberdeen City Council Transport Fund (which was still held separately at an asset level) for the three month period ending 30 September 2023.

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.

- **COUNCILLOR JOHN COOKE, Convener**