



North East Scotland Pension Fund

nespf

Strategy Report

Quarterly Reporting March 2025

1. Background

1.1 Quarterly Report to March 2025

The Pensions Committee will be comprehensively informed via this report as to the current position and any variances to the Fund's strategy and recommendations.

In line with the structural review of the Pension Fund, six specific areas were identified to fully address the strategic management of the Fund;

- Investment
- Accounting
- Benefit Administration
- Systems
- Governance
- Employer Relations

The roles and responsibilities within these areas have been very clearly defined to ensure accountability across the Pension Fund.

To support this, support services updates covering the six strategic areas will also be available via [the secure website at http://www.nespf.org.uk/TheFund/Governance/fundgovernance.aspx](http://www.nespf.org.uk/TheFund/Governance/fundgovernance.aspx).

Also available on the Pension Fund website are all the policy documents that govern the Pension Fund including its various strategies.

2. Investment

2.1 Asset & Investment Manager Performance Report Investment Strategy Report

Separate reports, provided

2.2 Local Authority Pension Fund Forum (LAPFF)

Copies of the latest e-bulletins, quarterly engagement and annual reports are available at <http://www.lapfforum.org>.

3. Accounting

3.1 Statement of Accounts 2024/25

Separate report, attached

4. Benefit Administration

4.1 Pensions Increase/Inflation

The Government confirmed that Local Government Pension Scheme (LGPS) pensions and Career Average Revalued Earnings (CARE) pots will increase by 1.7% from April 2025 (based on the Consumer Price Index (CPI) to September 2024).

4.2 Regulatory Update

On 12 December 2024, the Scottish Government laid the LGPS (Remediable Service)(Scotland)(Miscellaneous Amendment) Regulations 2024 which will amend the underpin rules, as discussed with Committee in the December Strategy Report (PC/DEC24/STRAT). These regulations came into force on 6 February 2025.

5. Systems

5.1 Performance Reporting

Performance is reported using new business intelligence and analytics software (Insights).

In addition to quarterly performance, the new PAS reporting also includes comparison against the previous quarter, information on data quality and progress on large scale exercises required by regulations e.g. McCloud and Pension Dashboards.

Appendix II, Pension Administration Strategy Report

6. Governance

6.1 Scheme Advisory Board

Copies of the latest bulletins and meeting are available at <http://lgpsab.scot>.

6.2 Document Updates

Copies of the draft policy documents can be found in the secure member area of the website (www.nespf.org.uk) or copies can be requested from the Governance Team. Any significantly revised or new documents will be included as appendices to this report.

- **Governance Policy** (some minor grammatical corrections, updates to Terms of Reference following annual governance reviews)
- **Risk Management Policy** (replaced references to tPR's CoP14 to GCoP)
- **Cyber Security Policy** (minor amendments to improve clarity, again references updated from CoP14 to CGoP, updated names of current external services providers)
- **Local Contingency Plan** (Added in references to new cyber security measures e.g. member contact details extracted monthly, updated wording across the document for clarity and staffing updates)
- **Statement of Investment Principles** (revised wording on exclusion policy)

6.3 Staff Training Update

Individual staff training and development continued during 2024/25.

All staff once again completed the mandatory annual Information Governance refresher training. A number of other mandatory Aberdeen City Council online learning courses also require regular refresher training and these were completed during the year.

The Fund currently has 3 Trainee Pension Officers (TPO's) – Benefit Administration navigating through the internally developed modular training programme under the guidance of the Training & Development Team along with 2 Modern Apprentices in the Benefit Administration Team. A re-vamped training programme was introduced at the end of 2022 and in 2024, we saw a number of Trainees progressing to Pensions Officers. These are both having the desired impact on allowing the Team to improve performance and reduce backlogs.

6.4 Annual Governance Review

Review of NESPF Compliance with the Public Service Pensions Act 2013 and the Pensions Regulators General Code.

Separate report, provided

6.5 Fraud, Whistleblowing and Breaches of the Bribery Act

There have been no cases during the year. All NESPF staff are required to familiarise themselves with the Whistleblowing Policy and compliance is monitored by the Governance Team.

6.6 Authorised Signatory List Update

At its meeting on 24 June 2022 (PC/JUN22/STRAT), the Pensions Committee approved an updated Authorised Signatory List, to take effect from 1 September 2022. Further approval was given to 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.

In terms of the above authorisation, the Interim Chief Officer-Governance (following consultation with the Chief Officer-Finance) has approved an updated Authorised Signatory List. The new role of Deputy Chief Officer-Finance has been added to the list of appointments that have authority to sign all pension documentation.

7. Employer Relationship

7.1 Scheme Actuary

Following a procurement exercise using the Norfolk Local Government Pension Scheme (LGPS) Framework, Hymans Robertson LLP were appointed as the new scheme actuary for the NESPF with effect from 1 February 2025. Introductory meetings have been held between the Employer Relationship Team and the dedicated Hymans Team and work has already begun. Work and training will continue over the next few months to ensure that Officers are comfortable with the Hymans systems and data requirements.

Hymans will be invited to meet the Committee and Board later in the year to introduce themselves and discuss the approach for valuation in March 2026.

7.2 Employer Update

Following a smooth exercise carried out between all stakeholders, the assets and liabilities in respect of Scottish Fire and Rescue Services within the NESPF have been transferred to Strathclyde Pension Fund who are now responsible for administering the scheme for all of their administration staff. The transfer took place with effect from 1 November 2024.

Sanctuary Scotland took the decision to exit from the NESPF with effect from 31 December 2024 with alternative pension arrangements being offered to their five remaining members.

Following calculations of the liabilities held, an exit credit has been paid to the charity with all liabilities discharged with effect from the termination date.

7.3 National Pensions Dashboards

The public sector pension schemes deadline for connecting to the dashboards ecosystem is 31 October 2025. In advance of this deadline the NESPF have now contracted with Heywoods to be our Integrated Service Provider (ISP) which will provide us with the necessary infrastructure to connect with the dashboards and provide data to its users.

Stage 1 of the implementation of the ISP solution took place in January 2025 with Stage 2 planned for the early summer, well in advance of the connection deadline. In addition, data readiness exercises are being carried out within the Fund to put us in the best place to meet the member requirements once the product(s) go live following the dashboard available point (DAP).

Dashboard readiness information will also now be included within the quarterly PAS reporting and updates will be included within the Strategy Report going forward.