



North East Scotland Pension Fund

**nespf**

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# Strategy Report

**Quarterly Reporting September 2025**

# 1. Background

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## 1.1 Quarterly Report to September 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>.

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

## 2. Investment

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### 2.1 Asset & Investment Manager Performance Report Investment Strategy Update 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

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#### 3.1 Aberdeen City Council Pension Fund (known as the North East Scotland Pension Fund) Audited Annual Report & Accounts

*Separate report, provided*

### 4. Benefit Administration

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#### 4.1 Pension Fund Annual Benefit Statements

The North East Scotland Pension Fund has a statutory requirement to issue all active and deferred members with annual benefit statement information by 31<sup>st</sup> August each year.

In line with our continual progression towards improved digital communication, both active and deferred statements were, once again, issued online in 2024/25. 2023 saw the launch of the new Member Self Service (My Pension+) platform for members, an upgrade on the previous version and a large undertaking for NESPF staff.

Statements are no longer posted out to members unless they contact the Fund and “opt in” to continue to receive them in paper form. To meet disclosure requirements, letters are sent out to members to provide “activation keys” where a member is not already registered with My Pension+. Registered members receive an email notification advising them that their annual statement is available to view online.

This year, Benefit Statements were issued via My Pension+ to Deferred members and accessed on the new Annual Benefit Statement page, which includes a personalised AI video explaining their benefits. Letters were issued to unregistered members on 25<sup>th</sup> July, with emails for all members to whom we hold valid email addresses issued towards the end of August. Paper statements were issued on 13<sup>th</sup> August.

The Pensions Committee last approved a Data Quality Improvement Plan in December 2024 (PC/DEC24/STRAT) which included address tracing. In line with the plan, a bulk tracing exercise for all “gone away” members i.e. those whom we do not hold a current address for is carried out every three years using an external tracing provider. The last tracing exercise was carried out by Target (as approved by the Pensions Committee in December 2021). A further exercise is planned for 2025/26, an update will be taken to Committee in December 2025.

In addition, a mortality check is carried out against “gone away’s” annually using the National Fraud Initiative and ATMOS Data Services on alternative years to identify any deceased members. For “gone away” deferred members reaching age 55, an individual trace will be carried out through the DWP Tracing Service.

A final update on the active member statements, and project as a whole, will be provided to the next meeting. However, letters were posted to unregistered members on 6<sup>th</sup> August and email notifications are scheduled to be issued towards the end of August for all members for whom we hold valid email addresses. Paper statements for those who have requested them will be issued on 20<sup>th</sup> August.

## 4.2 Regulatory Updates

### **Amendments to the Local Government Pension Scheme (Scotland) Regulations 2018**

The Scottish Public Pensions Agency (SPPA) are planning to consult on amending the Local Government Pension Scheme (Scotland) Regulations 2018 later this year. Changes include:

- Neonatal Care Leave and Pay (Consequential Amendments to Subordinate Legislation) Regulations 2015. This change entitles employed parents the right to paid leave where their child is admitted to neonatal care starting within 28 days of birth and goes on to spend seven or more continuous days in care. This new entitlement would apply to children born on or after 6<sup>th</sup> April 2025.
- “Normal Minimum Pension Age” (NMPA) from age 55 to 57 from 6 April 2028 to align with the Finance Act 2022. There are some protections in place for transition members, which will allow some individuals to retain the right to take their benefits at age 55. The protected pension age in the Local Government Pension Scheme (LGPS), which is the right to take benefits before NMPA, will be considered.
- Inheritance Tax, the Chancellor announced in the 2024 Budget that unused pension funds and death benefits will be included in a member’s estate for inheritance tax purposes from 6 April 2027. Currently unused pension funds and death benefits from discretionary schemes do not form part of an individual’s estate and are not chargeable to Inheritance Tax. As a result of these changes there may be a requirement for refreshed guidance for Funds.

SPPA have considered the amendments being proposed in the Ministry of Housing, Communities and Local Government (MHCLG) Access & Fairness consultation, and plan to consult in late summer on the changes relevant to Scotland regarding gender pension gap reporting, opt outs, death benefits and forfeiture.

Technical amendments highlighted by pension fund administrators and minor McCloud Remedy amendments. These include changes to the 5 year refund limit, pension commencement lump sums and continuity of service between Scotland and NI LGPS.

## 5. Systems

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### 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

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### 6.1 Scheme Advisory Board

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

### 6.2 Document Updates

- *Appointment of Advisers (minor amendments to remove reference to Head of Commercial and Procurement, update to officers with access to Amelior, minor corrections to improve clarity)*
- *Governance Compliance Statement (minor corrections for typo's and grammar, amended Terms of Reference review date)*

Copies of the draft policy documents can be found in the secure member area of the website ([www.nespf.org.uk](http://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.

### 6.3 Pension Board Annual Report

The Pension Board Annual Report 2024/25 was agreed by the Pension Board members at their meeting on 20<sup>th</sup> June 2025. As part of the process, members were required to nominate and appoint a new Chair and Vice Chair for 2025/26. These posts need to be rotated annually under the Regulations. Mr Alan Walker (Member) was appointed as Chair with Councillor David Gordon (Employer) as Vice Chair.

**Appendix III, Pension Board Annual Report 2024/25**

## 7. Employer Relationship

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### 7.1 Employer Updates

Mental Health Aberdeen

MHA made the difficult decision to close their doors permanently and enter into liquidation from 24 July 2025. Unfortunately, NESPF were not made aware of the pressures they were facing in advance of the public announcement.

As a result of this decision, MHA will terminate as a participating employer with the active members getting immediate access to their pension benefits where the regulations allow and deferred benefits for those that do not meet the age and service requirements. Discussions are underway with the liquidator around member benefits, contributions and liabilities.

### **Robert Gordons College**

Having carried out a consultation with staff, RGC have made the decision to exit from the Scheme and offer alternative pension arrangements for all active members.

The actual date of exit has not been finalised but is expected to be in August 2025. Officers will work with RGC and the Scheme actuary to calculate the value of liabilities upon exit and arrange for payment of any exit credit once everything has been agreed.

## **7.2 McCloud Determination**

*Separate report, provided*