

**The Highland Council  
Pensions Committee and Pension Board**

Minutes of Meeting of the **Pensions Committee and Pension Board** held in the Council Chamber, Council Headquarters, Glenurquhart Road, Inverness on **Wednesday 9 October, 2024 at 10.30 am.**

**Present:**

**Pensions Committee**

Mr C Ballance (remote)  
Mr R Gale  
Ms L Kraft  
Mr B Lobban (remote)  
Mr D Louden  
Mr P Oldham  
Mrs M Paterson  
Mr R Stewart

**Pension Board**

Mr B Boyd, The Highland Council (substitute)(remote)  
Mr K MacLeod, Comhairle nan Eilean Siar (substitute)  
(remote)  
Mr R Fea, representative for the other Employers  
(remote)  
Ms E Johnston, GMB

**Officials in attendance:**

Mr B Porter, Chief Officer Corporate Finance, Corporate Service  
Ms C Strachan, Pension Fund Manager, Corporate Service  
Mr J Thurlbeck, Corporate Audit Manager, Corporate Service  
Ms J MacLennan, Joint Democratic Services Manager, Corporate Service  
Mr A MacInnes, Senior Committee Officer, Corporate Service

**Also in attendance:**

Ms L McInroy, Hymans Robertson, Fund Actuary  
Mr C Gardner, Senior Audit Manager, Audit Scotland

**An asterisk in the margin denotes a recommendation to the Council. All decisions with no marking in the margin are delegated to the Committee.**

**Mr D Louden in the Chair**

**Business**

**1. Apologies for Absence  
Leisgeulan**

Apologies for absence were intimated on behalf of Mrs T Robertson, Mr T MacLennan of the Pensions Committee and Mr G MacKenzie, Mr C Munro, Mr N MacDonald of the Pension Board.

**2. Declarations of Interest/Transparency Statement  
Foillseachaidhean Com-pàirt**

There were no declarations of interest or transparency statements.

**3. Recess Powers  
Cumhachdan Fosaidh**

The Committee **NOTED** that the recess powers granted by the Council at its meeting on 27 June 2024 had not been exercised in respect of this Committee.

**4. Governance Policy Statement 2024/25  
Aithris Poileasaidh Riaghlaidh 2024/25**

There was circulated Report No. PC/10/24 by the Chief Officer, Corporate Finance which set out the governance policy statement that applied to the Highland Council Pension Fund.

Following a summary of the report by the Pension Fund Manager, it was highlighted that the Chair of the Pension Board was now rotated between the employer and employee representatives every 2 years and not annually as set out in the covering report. It was confirmed that this was correctly reflected in the constitution of the Pension Board in Appendix 2 to the report.

The Committee **APPROVED** the Highland Council Pension Fund Governance Policy Statement.

**5. Training Policy and Training Plan 2024/25  
Poileasaidh Trèanaidh agus Plana Trèanaidh 2024/25**

M

There was circulated Report No. PC/11/24 by the Chief Officer, Corporate Finance which set out the training policy for the Highland Council pension fund applying to both officers responsible for supporting the Fund and members of the Pensions Board, Committee and Investment Sub Committee.

Following commentary on the report by the Pension Fund Manager, it was highlighted that the pensions training and training resources for Members had been excellent. The importance of Members completing the training skills questionnaire was highlighted as there were legislative and regulatory requirements for Members to undertake pensions training.

The Committee:-

- i. **NOTED** the LGPS Skills and Knowledge Statement (Appendix 1) which was adopted by the Fund in September 2022 in accordance with the CIPFA Code of Practice Knowledge and Skills (2021);
- ii. **NOTED** the Fund's approach to training (section 7) which incorporated the CIPFA Knowledge and Skills Framework core areas (Appendix 2) and the CIPFA self-assessment matrix (Appendix 3);
- iii. **NOTED** the training resources provided by The Pensions Regulator (TPR) alongside the recommendation from the Scottish Public Pensions Agency (SPPA) that Board and Committee Members should be required to complete TPR training as part of their induction (section 9);
- iv. **NOTED** the requirements of TPR General Code of Practice (GCoP) and that there will be a questionnaire issued to Members and officers as part of a formal audit to assess skills/knowledge and experience against the Knowledge and Skills Framework and schedule appropriate training, in accordance with best practice (section 9);
- v. **NOTED** the training delivered to date on pension fund matters (section 10 and Appendix 4) and that details of attendance were included in the Annual report and accounts (section 12); and
- vi. **AGREED** the training policy and programme for 2024/25 set out within the

report (section 11).

**6. Highland Council Pension Fund: Monitoring of Retirements  
Maoin Peinnsein Chomhairle na Gàidhealtachd: Sgrùdadh Cluaineis**

There was circulated Report No. PC/12/24 by the Chief Officer, Corporate Finance which provided information relating to retirements from The Highland Council Pension Fund for the year ending 31 March, 2024.

In discussion, it was not felt there was sufficient granularity relating to details of Highland Council retirements in Appendix 2 to the report and therefore an expanded analysis of retirement information be provided in future reports.

The Committee **NOTED**:-

- i. the details of the retirements as outlined in the appendices to the report; and
- ii. that an expanded analysis of information on retirements within the Highland Council would be provided in future reports.

**7. Pension Fund Contributions and Administration  
Tabhartasan agus Rianachd Maoin Peinnsein**

There was circulated Report No. PC/13/24 by the Chief Officer, Corporate Finance which provided an update on matters relating to the administration of the Highland Council Pension Fund.

Following commentary on the report by the Pension Fund Manager, it was noted that in England and Wales there were examples of pooled funds for investments having been set up and it was queried if the Scottish Government had considered this. It was advised that nothing specific had been heard about this, but Officers would keep up to date on any developments in this respect.

Progress on the revised staffing structure was welcomed as was meeting the statutory deadlines for the annual report and accounts and the annual benefits statements. Member Self Service and weekly team meetings to monitor statistics to prioritise work would help manage significant increases in volumes of new entrants, early leavers, retirements and benefits estimates to process.

There had been a delay in the pensioner payroll project timescales. The plan continued to be for the pensioners payroll to go live in November with a “go-no-go” decision meeting scheduled for 15 October. There were contingency plans in place should a “no-go” decision be made.

In terms of the Annuity factors relating to early retirement strain costs, it was surprising to see a gender division included. It was explained that this was to ensure employers in the scheme met the costs of the benefits that arise from their portion of the scheme. This calculation took account of gender as there was historical data that suggested women lived longer than men. It was in the employers’ best interests that this difference was allowed when calculating the cost of these benefits. However, the individual receiving benefits were not discriminated against. The benefits they received and the employee contributions took no account of gender.

Also, an explanation was provided in relation to a possible change in the amount of additional contributions that might be required to take account of early retirements.

This was based on assumptions in the actuarial valuations that estimated a loss of potential future investment returns from scheme members retiring early.

The Committee **NOTED** the following:-

- i. progress in implementing the staffing structure from the Service Plan (section 6);
- ii. the use of the revised index factors for calculating strain on fund (section 7 and Appendix 1);
- iii. update on the Member Self Service and Altair Pensioner Payroll projects (section 8); and
- iv. action being taken by officers to review the Fund's compliance with the Pension Regular General Code of Practice (section 9).

## **8. Internal Audit In-Sgrùdadh**

### **8a. Pension Fund Internal Audit Annual Report 2023/24 Aithisg Bhliadhnail In-Sgrùdaidh Maoin Peinnsein Chomhairle na Gàidhealtachd 2023/24**

There was circulated Report No. PC/14/24 by the Strategic Lead (Corporate Audit & Performance). The report included an assessment of the Pension Fund's framework of governance, risk management and control, and associated opinion which provided information for the Fund's Annual Governance statement.

The audit opinion was that reasonable assurance could be placed upon the adequacy and effectiveness of the Pension Fund's framework of governance, risk management and control for the year to 31 March 2024.

In terms of assurances from Fund Managers and Global custodian, no assurance report was provided by one of the Fund Managers, but there were compensatory internal controls within that Fund Manager's organisation that the audit could gain some assurance from. It was requested that an assurance report should be requested from the Fund Manager still to submit one.

In relation to the contract for the Pension Fund's Investment Advisor, this was long overdue for renewal and an assurance was sought this would be actioned. It was advised that there had been a number of competing priorities that had resulted in this delay and an assurance was given that the procurement exercise for the Fund's Investment Advisor would be completed by a revised target date of 31 May 2025.

The Pensions team were thanked for their hard work and professionalism. There had been a number of changes across the Council that had significantly impacted on staff. It was recognised that there had been staff shortages in the team which thankfully had now been addressed. It was hoped that the new staff structure and full staff complement was now coming into effect which would be of benefit to all involved with the Pension Fund including beneficiaries.

The Committee **NOTED**:-

- i. the content of the report and the audit opinion provided; and
- ii. that an assurance report would be requested from the Fund Manager that had still to submit one.

**8b. Internal Audit Report – Pension Fund Investments**  
**Aithisg In-Sgrùdaidh**

There was circulated Report No. PC/15/24 by the Strategic Lead (Corporate Audit & Performance) which provided a report on the audit of Pension Fund investments. The conclusion from the report was that key controls for the Council's Pension Fund investments were operating effectively and ensured that investments complied with relevant legislation and guidance.

It was highlighted that the audit opinion was of full assurance on Pension Fund investments and this was a tribute to the work undertaken by staff to be able to deliver that level of assurance.

The Committee **NOTED** the content of the report and the audit opinion provided.

**9. Risk Management Update**  
**Fios às Ùr mu Rianachd Chunnairt**

There was circulated Report No. PC/16/24 by the Head of Corporate Finance which provided an updated risk register.

The Pension Fund Manager highlighted key points from the report. In terms of the risk relating to systems failures, it was reassuring to see that due to actions being taken, these had reduced this risk which was good work and very welcomed.

In response to questions, it was confirmed that the risk management policy would be submitted to the next Pension Committee meeting. Fund Managers had been circulated the Risk Management Policy for feedback from them that they were in compliance with the policy. Controls would be updated to reflect what action was being taken against the risk that the Fund did not comply with statutory reporting requirements on Climate Change Related Disclosures. It was still to be confirmed if there would be a requirement for climate related disclosures in the 2024/25 annual accounts.

The Committee **NOTED**:-

- i. the updated risk register extract and compliance with the Pensions Regulator (TPR) requirements. Controls would be updated to reflect what action was being taken against the risk that the Fund did not comply with statutory reporting requirements on Climate Change Related Disclosures; and
- ii. that TPR had issued a new General Code of Practice (GCoP). Officers were reviewing the current risk assessment strategy, policy and risk management processes against GCoP and Highland Council corporate risk processes and would report back to next Pensions Committee (section 5).

**10. Investment Sub Committee Membership**  
**Ballrachd Fo-Chomataidh Tasgaidh**

The Committee **AGREED** that Ms L Kraft replace Mr D Loudon on the Investment Sub Committee to fill the vacant SNP group position on the Sub Committee.

**11. Investment Sub Committee: Minutes of Meeting**  
**Fo-chomataidh Tasgaidh: Geàrr-chunntas na Coinneimh**

The minutes of the meeting of the Investment Sub-Committee held on 6 September 2024 were circulated and **APPROVED**.

The meeting ended at 11.30 a.m.