

**THE FIFE COUNCIL - SUPERANNUATION FUND AND PENSIONS COMMITTEE AND
FIFE PENSION BOARD – REMOTE MEETING**

28th September, 2021

10.00 a.m. – 12.45 p.m.

PRESENT: Committee - Councillors Dave Dempsey (Convener), David Barratt, Bobby Clelland, Altany Craik, Colin Davidson, Fiona Grant, Alistair Suttie and Jonny Tepp.

Fife Pension Board – Councillors Dave Coleman and Ian Ferguson, Ross Hugh, Gordon Pryde and John Wincott.

ATTENDING: Elaine Muir, Head of Finance, Laura C Robertson, Finance Operations Manager, John Mackie, Pension Administration Team Manager, Fiona Clark, Pensions Specialist, Revenue and Commercial Services, Karen Balfour, Senior Banking and Investments Officer, Finance; Helena Couperwhite, Manager - Committee Services and Wendy MacGregor, Committee Officer, Legal and Democratic Services.

ALSO IN ATTENDANCE: David Hickey, Portfolio Manager, Stewart Piotrowicz, Portfolio Manager, Bruce Miller, Chief Investments Officer, Lothian Pension Fund and Clare Scott, Independent Professional Observer.

APOLOGIES FOR ABSENCE: Committee - Councillor Mino Manekshaw.

Fife Pension Board - Robert Graham, Colin Paterson and Vicki Wyse.

Prior to the start of business, the Convener intimated the intention to vary the sequence of items from that on the agenda and welcomed Clare Scott, to the meeting. Clare had been appointed as Independent Professional Observer for the Fife Pension Fund.

157. DECLARATIONS OF INTEREST

No declarations of interest were made in terms of Standing Order 7.1.

158. MINUTES

The Committee considered:-

- (a) the minute of the Superannuation Fund and Pensions Committee meeting of 15th June, 2021.

Decision

The Committee agreed to approve the minute.

- (b) the Fife Pension Board comments arising from the meeting on 15th June, 2021

Decision/

Decision

The Committee noted:-

- (1) the comments from the meeting on 15th June; and
 - (2) the updates provided by the Head of Finance on the areas within the Fife Pension Board comments.
- (c) the minute of the Superannuation Fund and Pensions Committee meeting of 29th June, 2021.

Decision

The Committee agreed to approve the minute.

- (d) the Fife Pension Board comments arising from the meeting on 29th June, 2021.

Decision

The Committee noted:-

- (1) the comments from the meeting on 29th June; and
- (2) the updates provided by the Head of Finance on the areas within the Fife Pension Board comments.

159. PENSIONS ADMINISTRATION MONITORING

The Committee considered a report by the Executive Director, Finance and Corporate Services providing members with monitoring information on the performance of the Pensions Team and the service provided to members of the fund.

Decision

The Committee:-

- (1) Noted the level of annual performance relative to the target and to the previous year; and
- (2) agreed that the breach of regulations would be recorded in the breaches log and that a report to the Pensions Regulator would not be required.

160. FIFE PENSION FUND - FOSSIL FUELS INVESTMENTS

The Committee considered a report by the Head of Finance providing a response to a motion agreed by the Superannuation Fund and Pensions Committee on 15th June, 2021, for a report to be prepared setting out the impacts for the Fife Pensions Fund if it was to introduce a policy of partial or complete fossil fuel divestment and the steps that would be necessary to achieve this.

Decision

The Committee:-

- (1) noted that the agreed Statement of Responsible Investment Principles (SRIP) recognised the risks and opportunities surrounding Climate Change;
- (2) agreed to advance the actions and commitments contained in the Statement of Responsible Investment Principles;
- (3) agreed that a Development session would be organised, providing specialist investment and legal advice as well as the opportunity for in-depth discussion, questions, and debate to explore the topic on Fossil Fuel Investment further; and
- (4) agreed to the following additional recommendations to the report –
 - noted that the agreed Statement of Responsible Investment Principles (SRIP) sets out our aim that all holdings covered by the Transition Pathway Initiative will have a business plan whose carbon performance is in-line with the Paris agreement or better by 2025;
 - agreed that the SRIP should be updated following COP26 to reflect any changes to international agreements on climate change;
 - agreed that the Fund should consider divestment from companies who fail to meet this ambition; and
 - agreed that the Fund should consider divestment and avoid new investment in fossil fuel companies which are not covered by the Transition Pathway Initiative and that a working definition of a fossil fuel company should be established for this purpose.

Councillor Altany Craik left the meeting following consideration of the above item.

The Committee adjourned at 11.40 a.m.

The Committee reconvened at 11.45 a.m.

161. FIFE PENSION FUND - RISK MANAGEMENT

The Committee considered a report by the Head of Finance providing an updated Risk Register for Fife Pension Fund. The risks associated with the Fund had been reviewed and updated scores provided to reflect the internal controls in places.

Decision

The Committee:-

- (1) reviewed and considered the contents of the report;
- (2) noted that the risks would be reviewed on a regular basis and that reports would be submitted to this Committee should any changes occur or otherwise, on an annual basis.

162. FIFE PENSION FUND BUDGETARY CONTROL

The Committee considered a report by the Executive Director, Finance and Corporate Services, providing members with details of the provisional outturn of the Pension Fund for 2020-21 and Budget for 2021-22.

Decision

The Committee:-

- (1) noted the provisional outturn for 2020-21;
- (2) agreed the indicative budget for 2021-22;
- (3) noted that further reports in relation to the financial position of the Fund would be submitted to this Committee on a bi-annual basis.

163. SUPERANNUATION FUND AND PENSIONS COMMITTEE FORWARD WORK PROGRAMME

The Committee noted the content of the Superannuation Fund and Pensions Committee Forward Work Programme which would be updated accordingly.

164. REVIEW OF SHARED SERVICE ARRANGEMENTS (PRIVATE REPORT)

The Committee resolved, under Section 50(a)(4) of the Local Government (Scotland) Act 1973, as amended, to exclude the public and press from the meeting for the following item of business on the grounds that it involved the likely disclosure of exempt information as defined in paragraph 6 of part 1 of schedule 7a of the Act.

The Committee considered a report by the Head of Finance providing the Committee and Fife Pension Board with an update on the outcome of the annual review of the effectiveness of the Terms of Reference for the Joint Investment Strategy/

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Strategy Panel (JISP). The report also provided an update in relation to the shared service arrangement between the Fife Pension Fund and the Lothian Pension Fund, detailing a review of progress made relative to the original proposal for collaboration.

Decision

The Committee:-

- (1) noted the outcome of the annual review of the Terms of Reference of the JISP;
- (2) recognised the continuing benefits of collaborative working with Lothian and Falkirk Pension Funds; and
- (3) agreed to endorse continued collaborative working with Lothian and Falkirk Pension Funds.

165. FIFE PENSION FUND - INVESTMENT UPDATE (PRIVATE REPORT)

The Committee resolved, under Section 50(a)(4) of the Local Government (Scotland) Act 1973, as amended, to exclude the public and press from the meeting for the following item of business on the grounds that it involved the likely disclosure of exempt information as defined in paragraph 6 of part 1 of schedule 7a of the Act.

The Committee considered a report by the Head of Finance providing an overview of the Fund's investments as of 30th June, 2021. A verbal update of manager monitoring activity and of investment strategy was also provided.

Decision

The Committee noted:-

- (1) the Fund's strategic asset allocation and current allocations relative to target;
 - (2) the value of the Fund's assets on 30th June, 2021 after returning +5.4% over the quarter;
 - (3) that the Fund was making steady progress towards revised target allocations, agreed in June 2021, and;
 - (4) that longer term absolute returns were strong and relative returns were above both the asset and liability benchmarks.
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