

## Pensions Committee

Committee Room 2, Floor 5, Fife House, North Street,  
Glenrothes / Blended meeting



Thursday, 14 December, 2023 - 10.00 a.m.

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### AGENDA

Page Nos.

1. **APOLOGIES FOR ABSENCE**
2. **DECLARATIONS OF INTEREST** – In terms of Section 5 of the Code of Conduct, members of the Committee are asked to declare any interest(s) in particular items on the agenda and the nature of the interest(s) at this stage.
3. **CHANGE TO MEMBERSHIP OF THE COMMITTEE AND FIFE PENSION BOARD** - The committee is asked to note that Councillor Naz Anis-Miah has been appointed as a member of the Pensions committee, replacing Councillor Lynn Mowatt and that Thomas Templeman has been appointed as employee representative (Unison) on the Fife Pension Board, replacing Ian Dawson.
4. **MINUTES** –
  - (a) minute of the meeting of the Pensions Committee on 28 September 2023 3 – 7
  - (b) minute of the meeting of the Fife Pension Board on 28 September 2023 8 – 10
5. **PENSION FUND BUDGETARY CONTROL** – Report by the Head of Finance 11 – 15
6. **FIFE PENSION FUND - BUSINESS PLAN UPDATE TO 30 SEPTEMBER 2023** – Report by the Head of Finance 16 – 27
7. **FIFE PENSION BOARD NOMINATIONS AND APPOINTMENTS PROCESS AND CONFLICT OF INTEREST GUIDANCE** – Report by the Executive Director Finance and Corporate Services 28 – 42
8. **PENSIONS COMMITTEE WORKPLAN** – Report by the Head of Finance 43 – 46
9. **RISK MANAGEMENT UPDATE** – Report by the Head of Finance 47 – 68

### ITEMS LIKELY TO BE CONSIDERED IN PRIVATE

The Committee is asked to resolve, 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.

10. **FIFE PENSION FUND INVESTMENT UPDATE** – Report by the Head of Finance 69 – 77
11. **FIFE PENSION FUND – ACUTUAL VALUATION 31 MARCH 2023 – DRAFT FUNDING STRATEGY** – Report by the Head of Finance 78 – 122

**Members are reminded that should they have queries on the detail of a report they should, where possible, contact the report authors in advance of the meeting to seek clarification.**

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Finance and Corporate Services

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7 December, 2023

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### **BLENDED MEETING NOTICE**

This is a formal meeting of the Committee and the required standards of behaviour and discussion are the same as in a face to face meeting. Unless otherwise agreed, Standing Orders will apply to the proceedings and the terms of the Councillors' Code of Conduct will apply in the normal way

For those members who have joined the meeting remotely, if they need to leave the meeting for any reason, they should use the Meeting Chat to advise of this. If a member loses their connection during the meeting, they should make every effort to rejoin the meeting but, if this is not possible, the Committee Officer will note their absence for the remainder of the meeting. If a member must leave the meeting due to a declaration of interest, they should remain out of the meeting until invited back in by the Committee Officer.

If a member wishes to ask a question, speak on any item or move a motion or amendment, they should indicate this by raising their hand at the appropriate time and will then be invited to speak. Those joining remotely should use the "Raise hand" function in Teams.

All decisions taken during this meeting, will be done so by means of a Roll Call vote.

Where items are for noting or where there has been no dissent or contrary view expressed during any debate, either verbally or by the member indicating they wish to speak, the Convener will assume the matter has been agreed.

There will be a short break in proceedings after approximately 90 minutes.

Members joining remotely are reminded to have cameras switched on during meetings and mute microphones when not speaking. During any breaks or adjournments please switch cameras off.

**THE FIFE COUNCIL - PENSIONS COMMITTEE – BLENDED MEETING**

**Committee Room 2, Fife House, North Street, Glenrothes.**

**28 September 2023**

**2.00 pm – 4.45 pm**

**PRESENT:** Committee - Councillors David Dempsey (Convener), David Alexander, Colin Davidson, Jane Ann Liston, Lynn Mowatt, Sarah Neal, Nicola Patrick, Gordon Pryde and Jonny Tepp.

Fife Pension Board - Cllr Lynn Ballantyne-Wardlaw, Gail Dunn, Robert Graham, Ross Hugh and Colin Paterson.

**ATTENDING:** Eileen Rowand, Executive Director Finance and Corporate Services, Elaine Muir, Head of Finance, Laura Robertson, Finance Operations Manager, Pamela Redpath, Service Manager - Audit and Risk Management Services, Anne Bence, Accountant, John Mackie, Team Manager - Transactions Team, Helena Couperwhite, Manager - Committee Services, and Wendy MacGregor, Committee Officer, Legal and Democratic Services.

**ALSO ATTENDING:** Nick Bennett and Karen Jones, Azets, Bruce Miller and Albert Chen, Lothian Pension Fund, Catherine McFadyen, Hymans Robertson LLP, and Clare Scott, Independent Professional Observer.

**APOLOGIES FOR ABSENCE:** Fife Pension Board – Councillor Tom Adams and Ian Dawson.

**68. DECLARATIONS OF INTEREST**

No declarations of interest were submitted in terms of Standing Order No. 22.

**69. MINUTES**

The committee considered:-

- (a) the minute of the meeting of the Pensions Committee on 23 June 2023;

**Decision**

The committee agreed to approve the minute.

- (b) the minute of the meeting of Fife Pension Board of 23 June 2023; and

**Decision**

The committee noted the contents of the minute.

- (c) The minute of the meeting of the Pensions Committee on 30 June 2023.

**Decision**

The Committee agreed to approve the minute.

**70. CHANGE OF COMMITTEE MEMBERSHIP**

The committee welcomed Councillor Jane Ann Liston who had been appointed as a member of the committee, replacing Councillor Sean Dillon and showed appreciation to Councillor Dillon for his time as a member of the Pensions committee.

**71. FIFE PENSION FUND - FINAL OUTTURN 2022-2023**

The committee considered a report by the Head of Finance providing details of the final outturn position of the Fife Pension Fund for 2022-23.

**Decision**

The committee noted the final outturn for 2022-23.

**72. FIFE PENSION FUND ANNUAL AUDIT REPORT AND AUDITED ACCOUNTS**

The Committee considered a report by the Head of Finance providing the Audited Accounts for Fife Pension Fund for 2022-23 and the Annual Audit Report. A brief response to the External Auditor's report to Fife Council and the Controller of Audit was included in the report.

**Decision**

The committee

- (1) agreed to approve the Audited Accounts for signature and noted the positive report by Azets, the Council's and Fund's External Auditors, and the management responses; and
- (2) extended thanks and appreciation to the Pensions and Investment Teams in the Finance Service, including other participants involved in the success of compiling the audited Accounts for timely submission to the committee.

**73. FIFE PENSION FUND - BUSINESS PLAN UPDATE TO 30 JUNE 2023**

The committee considered a report by the Head of Finance, providing an update on the activities undertaken by the wider pension team for the first quarter of 2023-24. The report was organised into 3 sections and provided an update on the development activities identified in the Business Plan, followed by an update on administration activity undertaken on a routine basis. The report concluded with more in-depth consideration of the performance of the Pensions Administration team by providing details of the agreed key performance indicators.

**Decision**

The committee:-

- (1) noted the progress made on the key development activities identified in the Business Plan 2023-24;
- (2) noted the range of activities carried out by the team over the last quarter; and
- (3) considered the level of quarterly performance relative to the target and to the same quarter of the previous year.

*Councillor Colin Davidson left the meeting at 3.10 pm*

**74. RISK MANAGEMENT UPDATE**

The committee considered a report by the Head of Finance providing a quarterly update on the Risk Register for Fife Pension Fund. The risks associated with the Fund had been reviewed, updated scores were provided to reflect the internal controls in place.

**Decision**

The committee noted:-

- (1) the contents of the report; and
- (2) that the risks were reviewed on a regular basis and reports would be submitted to the committee on a quarterly basis.

**75. FRAUD AND IRREGULARITY - AUDIT SCOTLAND'S ANNUAL REPORT 2022/23**

The committee considered a report by the Audit and Risk Management Services Manager summarising the Fraud and Irregularity - Audit Scotland's Annual Report 2022/23, national report that had been compiled by Audit Scotland for public bodies and auditors.

**Decision**

The committee noted the contents of Audit Scotland's 2022/23 Annual Report on Fraud and Irregularity attached as Appendix A to the report.

**76. PENSION COMMITTEE WORKPLAN**

The committee considered a report by the Head of Finance providing an overview of the proposed agendas for future meetings of the Pensions Committee and the annual cycle.

**Decision**

The committee noted the agenda planning document.

*The committee adjourned at 3.35 pm and reconvened at 3.45 pm.*

**77. FIFE PENSION FUND INVESTMENT UPDATE**

The committee considered a report by the Head of Finance providing an overview of the Fund's investments at 30 June 2023. A verbal update of manager monitoring activity and of investment strategy was 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 30 June 2023 after returning -1.1% over the quarter;
- (3) that the Fund's strategic policy group allocations were within the permitted allocation ranges;
- (4) that longer term absolute returns were strong and relative returns were above the liability benchmark.

**78. FIFE PENSION FUND ACTUARIAL VALUATION 31 MARCH 2023**

The committee considered a report by the Head of Finance outlining progress in relation to the triennial actuarial valuation and included results from the current stage.

**Decision**

The committee noted:-

- (1) the whole fund results of the valuation process; and
- (2) that the Fund Actuary would proceed with individual employer valuation results for discussion with Officers and employers.

**79. FIFE PENSION FUND ACTUARIAL VALUATION 31 MARCH 2023 - CONTRIBUTION STABILITY MECHANISM**

The committee considered a report by the Head of Finance detailing a review of the Fife Pension Fund Contribution Stability Mechanism. The review was carried out in conjunction with the Fund's actuary, Hymans Robertson and examined a set of criteria, including potential employers who may be considered as eligible to participate in the mechanism.

**Decision**

The committee:-

- (1) noted the report and assessment of employers that could be offered participation in the Contribution Stability Mechanism;
- (2) agreed that the employers would be offered admission to the Contribution Stability Mechanism on a one time only basis, admission would be at the employer's discretion and ensured there would be no detriment to employers other than Fife Council;
- (3) agreed that this would be managed and communicated to employers as part of the wider valuation and funding strategy statement process; and
- (4) noted that any subsequent changes in criteria would be reflected in the Funding Strategy Statement which would be submitted to a future meeting of the Pensions committee for approval.

**THE FIFE COUNCIL - FIFE PENSION BOARD**

**28 September 2023**

**4.00 pm – 5.55pm**

**PRESENT:** Robert Graham, Gail Dunn and Colin Paterson.

**ATTENDING:** Clare Scott (IPO); Helena Couperwhite, Committee Manager and Wendy MacGregor, Committee Officer, Legal and Democratic Services.

**APOLOGIES FOR ABSENCE:** Councillor Tom Adams and Ian Dawson.

**ABSENCE:**

**15. DECLARATIONS OF INTEREST**

No declarations/conflicts of interest were submitted.

In terms of transparency, Gail Dunn advised at Item 13 Fife Pension Fund Actuarial Valuation 31 March 2023 Contribution Stability Mechanism the agenda that she was employed by Fife College, one of the employers listed in the report.

**16. APPOINTMENT OF THE CHAIRPERSON FOR FIFE PENSION BOARD**

In terms of the Pension Board Constitution, board members noted that the position of Chairperson on the Board would be rotated annually between Trade Union and Employer Body representatives. Robert Graham (TU) had been in the role as chairperson since September 2022 therefore a new chairperson from the Employer Body representatives would require to be appointed..

**Decision**

The Board

- (1) noted that a new Chairperson from Employer Bodies representatives would be required to be appointed at the next meeting; and
- (2) agreed that Robert Graham, chairperson, would write to Board members to request nominations from the Employer Body representatives; and
- (3) noted that Robert Graham had agreed to remain as interim chairperson temporarily so that a new chairperson could be appointed and a handover provided.

**17. APPOINTMENT OF JOINT SECRETARIES**

The Fife Pension Board considered the term of appointment for the Joint Secretaries on the Pension Board.



**Decision**

The Board noted that there was no requirement to re-appoint the Joint Secretaries positions until the end of the 4 year term of office.

**18. PENSION BOARD APPOINTMENT PROCESS**

The member of Fife Pension Board considered the draft Pension Board Appointment Process.

**Decision**

The Board agreed that the Committee Manger would circulate to Board members, the Draft Pension Board Appointment process and that comments from members should be submitted to the Committee Manager by 10 November 2023.

**19. PENSION BOARD CONFLICT OF INTEREST PROCESS**

The members of Fife Pension Board considered the Draft Conflict of Interest Guidance document.

**Decision**

The Board:-

- (1) noted that the Conflict of Interest Guidance would be circulated to Board members for consideration and that any comments on the document should be submitted to the Committee Manger by 10 November 2023; and
- (2) noted that it would be the responsibility for individual Board members to decide whether to declare a conflict of interest and to consider whether the interest could hinder any judgement in their role on the Pension Board.

**20. REVIEW OF COMMITTEE DECISIONS/COMMENTS ON REPORTS**

The Board considered whether a review of any decisions would be required for the reports on the Pensions Committee agenda.

**Decision**

The Board agreed no reviews of decisions made by the committee would be required, the following comments werer provided on the reports:-

- (1) Risk Management Update - Board agreed to continue to monitor the impact of Risk Management.
- (2) Pension Committee Workplan - The Board agreed that once the dates had been confirmed for the Committee report structure this would allow the Board to develop it's own work programme which would feed into the committee reporting structure.
- (3) Fife Pension Fund Actuarial Valuation 31 March 2023 – Confidential Report - The Board were satisfied to see positive progress that including investment and disinvestment.

## **2023 PB 6**

- (4) Pension Fund Actuarial Valuation 31 March 2023 - Contribution Stability Mechanism - The Board agreed the training provided on assumptions helped members to achieve a better understanding.

### **21. FIFE PENSION BOARD FORWARD WORK PROGRAMME**

The Board considered the format of the future forward work programme and would welcome suggestions as to how this could be progressed. The Board were please to note that the appointment of Clare Scott (IPO) had been extended for 2 years

14 December 2023

Agenda Item No. 5

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## Pension Fund Budgetary Control

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Report by: Elaine Muir, Head of Finance

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Wards Affected: All

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### Purpose

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The purpose of this report is to provide the committee with details of the projected outturn of the Pension Fund for 2023-24

### Recommendation(s)

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The committee is asked to:-

1. Consider the projected outturn for 2023-24; and
2. Note that further reports in relation to the financial position of the Fund will be brought forward on a bi-annual basis.

### Resource Implications

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At this time it is projected that the fund will remain cash-flow positive with projected net increase of £3.408m. Fluctuations in market rates and movements in investment valuations have a direct impact on the pension fund. In addition, expenditure greater than income generated will also impact on the fund.

### Legal & Risk Implications

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There are no direct legal implications arising from this report.

### Impact Assessment

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An EqIA checklist is not required because the report does not propose a change or revision to existing policies and practices.

### Consultation

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None

## 1.0 Background

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- 1.1 This report presents details of the projected outturn for 2023-24 as at 30 September 2023 and provides commentary on the budget compared to the projected position for the year and an analysis of significant variances.
- 1.2 The report is intended to present the revenue account of the fund, however, it should be noted that in some items of income and expenditure are out with the control and influence of the Pension Fund. Reports outlining details of the revenue account will be presented to this Committee on a bi-annual basis in line with best practice.

## 2.0 Projected Outturn 2023-24

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- 2.1 Appendix 1 details the projected outturn for 2023-24. The significant assumptions made in calculating this projection are detailed below along with commentary on significant variances.
- 2.2 **Contributions received from Employers / Employees**  
Contributions received are expected to be £2.982m greater than budgeted. The budgeted figure was estimated based on the contributions received as at the end of January 2023. An estimated pay increase of 5% for active members was reflected in the budget. The projections are based on more up to date monthly contributions which have increased due to increments.
- 2.3 **Pension Payments**  
Pension payments in the year are expected to £1.199m higher than budget. The budgeted figure was estimated based on the payments made as at the end of January 2023, an estimated increase of 10.1% was also reflected. Payments vary from month to month and have been increasing slightly due to an increased number of pensioner members.
- 2.4 **Transfers to and from other Schemes**  
The budget and projection for transfers into and out of other schemes are based on the average value of transfers over the past 5 years. Owing to the nature of this type of income the projection is set at budget level as its difficult to predict the transfers in that will take place.
- 2.5 **Pension Lump Sum Benefits**  
Lump sum benefits are unpredictable and therefore difficult to budget for as these are dependent on employee choice. Employees may choose to commute part of their annual pension. Both the budget and the projection are based on an average of the past few years. Owing to the nature of this expenditure, the projection is set at the budget level.
- 2.6 **Investment Management Expenses**  
These costs have been subdivided into 4 parts: -
  - Management Fees
  - Performance Related Fees
  - Custody Fees

- Transaction Costs

Since setting the budget for these items, the fund has been in receipt of additional cost transparency information sourced during the year end process. This information has been used to help inform the projection outturn resulting reporting of in projected variances. Over time the level of provision and quality of cost transparency information has improved, and this will be used for future budget setting and monitoring processes where appropriate. It should be noted that some of these costs are directly related to market positions which impacts on the ability to prepare accurate budgets. The budgets should be considered as indicative and used as a guide.

Management Fees – these fees are calculated based on the value of the fund in each portfolio at the end of each quarter. The projection for these fees is based on the fund position as at the end of September 2023. There is a projected overspend of £2.933m on Management Fees because the projection is based on more up to date position and cost information than that used when setting the budget. This is because of sourcing additional cost transparency information during the year end process.

Performance Related Fees – not all mandates are subject to performance related fees. Currently only 3 managers are in this category. Again, it is impossible to predict market positions with any accuracy, but work has been ongoing with our Investment Managers and current estimates suggest that performance fees will be in line with budget.

Custody Fees – custody fees represent the amount paid to The Northern Trust Company as the Fund's global custodian. There is a projected overspend of £0.082m. The budget was based on previous years trend information, however, the projection has been calculated using more up to date actual expenditure incurred both in 2022-23 and to date in 2023-24

Transaction Costs – these costs vary from portfolio to portfolio depending on the type of investments managed. In line with the agreed investment strategy and investment activity undertaken It is anticipated that there will be an underspend of £3.041m. This is partly due to the basis on which the budget was set – using previous years actuals which related to mandates which have now been divested from.

Where appropriate fees incurred by the Pension Fund are agreed with fund managers when signing up to new mandates and these are documented in Investment Management Agreements.

## 2.7 Net Returns on Investment

This heading represents the profit and losses on disposal of investment and changes in the market value of investments. This is dependent largely on the performance of financial markets and it is impossible to predict accurately. For the purposes of this forecast the actual position, net of indirect management expenses, at the end of September 2023 has been used as the projected outturn.

## 3.0 Conclusions

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- 3.1 The projected outturn for 2023-24 indicates a net increase to the fund of £3.408m from the dealings with members and a net decrease on investments of £33.862m, resulting in a projected net decrease in the value of the Fund of £30.454m.

### List of Appendices

1. Appendix 1 – 2023-24 Projected Outturn

### Background Papers

No background papers were relied on in the preparation of this report in terms of the Local Government (Scotland) Act, 1973.

### Report Contact

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Author's Job Title    Finance Operations Manager  
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**Fife Pension Fund**  
**2023-24 Projected Outturn**

	Note	Budget	Actual to Sept 2023	Projected Outturn	Variance	Variance
		£m	£m	£m	£m	%
<b>Dealing with members, employers and others directly involved in the fund</b>						
Contributions Received		(122.290)	(53.931)	(125.272)	(2.982)	2.44%
Additional Contributions from Employers		(2.810)	(0.023)	(2.810)	0.000	0.00%
Transfers from Other Schemes		(2.660)	(0.807)	(2.660)	0.000	0.00%
		(127.760)	(54.761)	(130.742)	(2.982)	2.33%
Pension Payments		84.500	38.982	85.699	1.199	1.42%
Lump Sum Benefits		20.340	13.574	20.340	0.000	0.00%
Refund of Contributions		0.230	(0.670)	0.230	0.000	0.00%
State Premium Schemes		0.010	0.036	0.010	0.000	0.00%
Transfers to Other Schemes		4.460	1.046	4.460	0.000	0.00%
		109.540	52.968	110.739	1.199	1.09%
<b>Net (additions)/withdrawals from dealings with members</b>		<b>(18.220)</b>	<b>(1.794)</b>	<b>(20.003)</b>	<b>(1.783)</b>	<b>9.78%</b>
<b>Administrative Costs:-</b>						
Support Service Costs		1.710	0.000	1.710	0.000	0.00%
Interest Paid on Benefits		0.020	0.110	0.202	0.182	908.63%
Income Tax on Contributions and Benefits		0.000	0.000	0.000	0.000	0.00%
Other Administrative Costs		0.010	0.014	0.024	0.014	137.10%
<b>Oversight and Governance Costs:-</b>						
Actuarial Fees		0.200	0.079	0.200	0.000	0.00%
External Audit Fees		0.040	(0.012)	0.040	0.000	0.00%
Hermes Equity Ownership Services		0.090	(0.001)	0.090	0.000	0.00%
Investment Consultant Fees		0.260	0.210	0.260	0.000	0.00%
Other Oversight and Governance Costs		0.080	(0.007)	0.080	0.000	0.00%
<b>Investment Management Expenses:-</b>						
Management Fees		8.650	0.399	11.583	2.933	33.91%
Performance Related Fees		0.880	0.000	0.915	0.035	3.95%
Custody Fees		0.110	0.093	0.192	0.082	74.19%
Transaction Costs		4.340	0.436	1.299	(3.041)	-70.06%
<b>Net (additions)/withdrawals including fund management expenses from dealing with members</b>		<b>(1.830)</b>	<b>(0.472)</b>	<b>(3.408)</b>	<b>(1.578)</b>	<b>86.25%</b>
<b>Returns on investments</b>						
Investment Income		(26.090)	(20.611)	(26.090)	0.000	0.00%
Taxes on income		0.230	0.000	0.230	0.000	0.00%
Profit and losses on disposal of investments and changes in the market value of investments	1	(127.100)	59.722	59.722	186.822	-146.99%
<b>Net return on investments</b>		<b>(152.960)</b>	<b>39.111</b>	<b>33.862</b>	<b>186.822</b>	<b>-122.14%</b>
<b>Net (increase)/decrease in the net assets available for benefits during the year</b>		<b>(154.790)</b>	<b>38.639</b>	<b>30.454</b>	<b>185.244</b>	<b>-119.67%</b>
Opening net assets of the scheme at 1 April 2023		(3,420.130)	(3,420.130)	(3,420.130)		
Net (increase)/decrease in the Fund		(154.790)	38.639	30.454	185.244	
<b>Projected Closing net assets of the scheme at 31 March 2024</b>		<b>(3,574.920)</b>	<b>(3,381.491)</b>	<b>(3,389.676)</b>	<b>185.244</b>	

**Note 1**

The Profit and losses on disposal of investments and changes in the market value of investments is subdivided as follows:-

	£m
Profit or Loss on the disposal of investments	(60.124)
Changes in Market Value	119.846
	<u>59.722</u>

14 December 2023

Agenda Item No. 6

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## **Fife Pension Fund – Business Plan update to 30 September 2023**

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**Report by:** Elaine Muir, Head of Finance

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**Wards Affected:** N/A

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### **Purpose**

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To provide the Committee with an update on the activities undertaken by the wider pension team during the second quarter of 2023-24. The report is organised into 3 sections and provides an update on the development activities identified in the Business Plan, followed by an update on administration activity undertaken. The report concludes with more in-depth consideration of the performance of the Pensions Administration team by providing details of the agreed key performance indicators.

### **Recommendation(s)**

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The Committee is asked to:

- (1) Consider and comment on the progress made on the key activities identified in the Business Plan 2023-24.
- (2) Note the range of additional activities carried out by the team over the last quarter.
- (3) Consider the level of quarterly performance relative to the target and to the same quarter of the previous year.

### **Resource Implications**

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The business plan for the Fund is delivered by the wider pensions team and managed by the Head of Finance. It is important to ensure that the team is adequately resourced to deliver the Service and can respond to developments in the future. Managing and monitoring team performance is important in providing an efficient service to both employers and members and can highlight areas for improvement. Workforce planning arrangements are also being developed which incorporate training and succession planning.

Performance is considered and monitored to ensure regulatory timescales and Key Performance Indicators (KPIs) are met.

The costs of the team are met by the Pension Fund.



## Legal & Risk Implications

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Team performance monitoring assists with ensuring compliance with regulatory timescales and KPIs are met.

## Impact Assessment

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Not relevant.

## Consultation

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The Pension Board, comprising employer and member representatives, is integral to the governance of the Fund and they are invited to comment on the relevant matters at Committee meetings.

## 1.0 Background

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- 1.1 The Fife Pension Fund – Business Plan 2023-24 was approved by this Committee in March 2023. The business plan contained details of development activities that were planned for 2023-24, as well as a high-level summary of the activities to be undertaken each quarter.
- 1.2 Key Performance Indicators (KPIs) relating to the pension administration function are collated within Altair, the pension administration software. KPIs are reported quarterly to the management team and to Committee.
- 1.3 The report is designed to provide formal reporting of administration performance to the management team and the Committee.

## 2.0 Business Plan Activity

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- 2.1 The purpose of this section of the report is to provide an update on the progress of the business plan in the second quarter of the financial year.

### 2.2 **Development Activities**

The areas of development identified were as follows:

#### **Procurement**

Fife will be participating in a joint procurement arrangement with our partner funds for renewing our Custody and Performance measurement arrangements. Details of the expected timelines have yet to be agreed.

*Progress to date*

*This is intended to be managed as a joint procurement exercise with our partner funds, dialogue is ongoing on the likely timescales and will be reported back to Committee in due course. The timing will be dependent on the suitability of all partners. Fife's contract is open ended which provides a degree of flexibility to fit with partners timescales.*

## **Actuarial Valuation**

2023 is the actuarial valuation year which involves working with the actuary to agree the employer's contribution rates and funding strategy statement. This involves providing data to the actuary and a series of validations and checks to ensure this is accurate.

### *Progress to date*

*Extensive work has been carried out by the Team running valuation reports, uploading member information to the actuary's portal, dealing with queries identified by the fund's actuary and liaising with our fund actuary to ensure that the information provided is of the required standard to allow the fund valuation process to progress.*

*The actuary has undertaken strategy modelling, and the results were presented to this committee.*

*In conjunction with the actuary, work has progressed on employers' results and updated contribution rates as well as revamping the Funding Strategy Statement. The Funding Strategy Statement is subject to a separate report on this agenda.*

## **McCloud Judgement**

Work is continuing during 2023 on the McCloud judgement with a view to the system being updated in advance of the underpin remedy being finalised.

### *Progress to date*

*The information required for the McCloud project has been updated to the Altair system for 12 employers in preparation for the underpin remedy.*

*The remaining 8 employers are managed by Fife Council's payroll team and weekly meetings with Fife Council's payroll team continue to take place to ensure progress is being made. Fife Council's payroll team have been provided with spreadsheets that specify the members for whom we need McCloud information for all of the Bureau payrolls (7 employers) and we expect to receive this information by mid-December. For Fife Council payroll, due to the number of members involved who have multiple posts, and the change of payroll systems mid-way through the McCloud rectification period, sourcing the data for the members in scope for McCloud is complex. However, we remain in dialogue with Fife Council's payroll team to determine the best way to provide the information required.*

*Alongside the collation of data, the team continue to meet with Heywoods consultants that specialise in updating Altair with McCloud information. Further participation in working groups is also taking place.*

*In addition, our software suppliers have produced several reports that, once we have received and fully updated Altair with the membership and break data, will allow us to identify members where the underpin applies. These reports will be run for all membership statuses from active to deceased and where applicable benefit recalculations will be processed and members notified.*

*The Scottish Public Pensions Agency (SPPA) advised that the regulations in respect of McCloud have come into force from 01 October 2023.*

## **Pensions Dashboards**

Pensions Dashboards are digital services such as apps or websites, which savers will use to see all their pension information in one place. A saver using the dashboard will be able to search all pension schemes to confirm their total pension benefits.

### *Progress to date*

*The Department of Work and Pensions (DWP) has laid the Pensions Dashboards (Amendment) Regulations 2023. A revised staging timeline means that all Schemes in scope will need to be connected by 31 October 2026.*

*Although, the government has pushed the deadline back, work has started with our software suppliers to cleanse data and undertake tracing exercises in preparation for dashboards implementation. Further, training sessions have been undertaken with the team and the Committee and Board. Progress will continue to be reported in the coming months and years.*

## **Taskforce for Climate Related Financial Disclosures (TCFD)**

It is widely recognised that climate change presents a financial risk to the global economy. The TCFD was created to improve and increase reporting of climate-related financial information.

Although, no commitment has been in Scotland to date, it is expected that given the increased focus on climate change, there will be similar requirements. To some extent this is recognised in the updated Statement of Responsible Investment Principles (SRIP) for the Fund, however, further research and work will be carried out in conjunction with our partners to agree reporting and disclosure requirements.

### *Progress to date*

*Continued implementation of SRIP actions including sourcing climate related information during quarterly performance calls with fund managers.*

## **KPI review**

For the financial year 2023-24, KPI reporting is being expanded to include more indicators and more customer data including a customer satisfaction survey. The process for capturing this data is being considered.

### *Progress to date*

*Additional KPIs and revised targets are reflected in this report. Development work is continuing on the presentation and process for collating KPIs. Consideration is being given to the use of Power BI dashboards or Excel Power Query.*

## **Investment Strategy**

Continued implementation of the existing Investment Strategy including, and where appropriate, transition activity. Work will also commence on the updated Investment Strategy, linked into the Actuarial Valuation and the results generated.

## *Progress to date*

*Advisers are working in tandem on both the valuation and the investment strategy review with the first training session for members held on 15<sup>th</sup> September 2023. There will be a further training session held early in the new year for Committee and Board members. Thereafter reports are scheduled to be presented to Committee for consideration and approval.*

- 2.3 Throughout Quarter 3 (October to November) work has been ongoing in relation to the key activities identified in the business plan.

### **2.4 Governance Compliance Checklist**

- 2.4.1 An action plan to address the partial compliance with the Pension Regulators Compliance Checklist has been developed and tasks allocated to individuals to ensure there is a move from partial to full compliance.
- 2.4.2 An annual review of both the Administration Strategy and the Communication Policy has been undertaken and both documents are considered to be relevant and fit for purpose, therefore no updates are required.
- 2.4.3 The Pension Board appointment process and associated conflicts of interest process have been drafted and are subject to a separate report on this agenda. Development of this will address some areas of partial compliance.

### **2.5 Committee and Board Training Attendance**

- 2.5.1 An integral part of the governance arrangements and compliance with the code of practice is the adoption of the fund's approved training policy. The policy requires all members of both the committee and board to undertake 14 hours of training per annum.
- 2.5.2 Members of the Committee and Board are asked to submit details of attendance to Legal and Democratic Services. Attendance at events for 2023/24 year to date is summarised in the following tables:

Pension Committee Attendance at Training												
Training	Duration	Cllr. Dempsey (convener)	Cllr Pryde (vice convener)	Cllr Davidson	Cllr Dillion (resigned June 23)	Cllr Liston (from June 23)	Cllr Alexander	Cllr Mowatt (Resigned Oct 23)	Cllr Neal	Cllr Patrick	Cllr Tepp	Cllr Anis-Miah (joined Oct 23)
Induction Training	2 hours	LY	LY		LY	✓	LY	LY	LY	LY	LY	
PF Training 29th May	3 hours		✓		✓	N/A	✓	✓	✓		✓	N/A
PLSA Conference 8th and 9th June	15 hours	✓									✓	N/A
SAB Training July 23	3 hours		✓									N/A
PF Training 28th August	2 hours	✓	✓	✓	N/A			✓		P		N/A
Investment Strategy Training	3 hours	✓	✓		N/A		✓		✓		✓	N/A
LGPS Cost Transparency Training	2 hours				N/A			✓			✓	N/A
LGC Seminar 19/20 October	8 hours	✓										
PF Training 23rd November	3 hours	✓	P			✓	✓					
TPR Toolkit		LY	LY					LY			LY	
Total Hours to date		31	12	2	3	5	9	7	6	1	23	0

Pension Board Attendance at Training											
Training	Duration	Cllr. Adams	Cllr Ballantyne-Wardlaw	Ian Dawson (resigned Nov 23)	Gail Dunn	Robert Graham	Ross Hugh	Colin Paterson	Vickt Wyse	Thomas Templeman (from Nov 23)	
Induction Training	2 hours	LY	LY	LY	LY	LY	LY		LY	✓	
PF Training 29th May	3 hours	✓	✓	✓	✓	✓	✓			N/A	
PLSA Conference 8th and 9th June	15 hours	✓								N/A	
PF Training 28th August	2 hours	✓	✓		✓					N/A	
Investment Strategy Training	3 hours	✓			✓				✓	N/A	
LGPS Cost Transparency Training	2 hours		✓			✓		✓		N/A	
LGC Seminar 19/20 October										N/A	
PF Training 23rd November	3 hours	✓	✓	N/A	✓		✓		✓	✓	
Unison Training	4 hours							✓			
TPR Toolkit			LY			LY		LY	✓		
Total Hours to date		26	10	3	11	5	6	6	12	5	
<b>Key</b>											
Training Completed 2023/24		✓									
Training Partially attended		P									
Training Completed 2022/23		LY									
Not available due to start/leaving dates of member		N/A									

### 2.5.3 Training available in the quarter included:

- Valuation

- Good Governance in the LGPS
- Investment Strategy
- Cost Transparency
- Audit of Annual Report and Accounts

2.5.4 Members are asked to review this for accuracy and provide an update as this will be reported in the Annual Governance statement.

## 3.0 Business as Usual Activity

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3.1 In addition to the development activity the team also continued with activities as follows:

### 3.2 Business as usual

3.2.1 Throughout the last quarter, the Team successfully completed the outstanding queries from the year end process, ensuring Altair records were updated with all information required to calculate the annual statements.

3.2.2 The Team have also run in Altair, and uploaded to member records, the Annual Benefit Statements for deferred and active members in advance of the statutory deadline of 31 August. The statements were published on Member Self-Service accounts and emails were sent to members notifying them that the statements were available to view on-line. An email was sent to employers, as well as a news article on Fife Council's intranet page, with details about the annual statements being available to view.

For members not yet registered to Member Self-Service (MSS), letters were sent to home addresses to notify them that their annual statement was available to view on-line, and with instructions on how to register for MSS. This exercise caused a noticeable increase in email enquiries and phone calls however it also resulted in an increase in the number of members registered with MSS. In April this year, the number of current members registered to MSS stood at 8,966 (51% of current members on database). By November, this number had risen to 11,200 (64% of current members database). In the same period, the number of deferred members registered has risen from 3,144 (38% of deferred members on database) to 4,216 (50% of deferred members on database).

3.2.3 Also in this quarter, the bulk calculation for Annual Allowance has been successfully run in Altair. As with any bulk calculation, system errors occur and work to correct these has been completed. The statutory deadline date for advising members if they exceeded the Annual Allowance in the preceding financial year, is 6 October. For our members in this category, all Pensions Savings Statements were prepared and issued ahead of the deadline date.

### 3.3 Staff Training and Development

3.3.1 In-House training is on-going with our new and less experienced staff. We continue to develop and update our processes and procedures to ensure knowledge and understanding within the team continues to grow.

### 3.4 Customer Contact

- 3.4.1 The Team has seen a marked increase in the amount of time spent on dealing with queries from members. Contact is made using both email and telephony channels.

The telephony statistics show a significant increase in calls received in the months of August and September. Many of the queries centred around annual statements and registration to Member Self-Service. August and September also saw a spike in the number of emails received by the Team.

## 4.0 Key Performance Indicators

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### 4.1 KPI 1 - Key Processes - Quarter 1

- 4.1.1 Performance is measured on a quarterly basis to provide a picture of recent performance.
- 4.1.2 KPI information for the quarter 1<sup>st</sup> July 2023 to 30<sup>th</sup> September 2023, and comparator information for the preceding 4 quarters, is detailed at Appendix A.
- 4.1.3 The performance for quarter two 2023/24, is based on the new KPI levels approved at the June committee meeting.
- 4.1.4 The Team's success in issuing the Annual Statements and the communications encouraging members who were not registered to MSS to sign up (see 3.3.2), had an unfortunate unintended consequence. The volume of members who signed up, far exceeded expectations, and resulted in a high volume of member contact into the team for guidance on MSS. This did have an impact on overall performance during the quarter, not only the KPIs we report on but other areas too. The initial demand has now tailed off and is no longer impacting on other key processes.
- 4.1.5 The Team continues to meet targets for new members, ensuring notifications of membership are sent timeously.
- 4.1.6 The processing of refunds continues to show an improvement, although still slightly below our target level.
- 4.1.7 The performance of processing ill health retirals is still below target. However, we are now finding that newer cases are being processed more quickly than older cases as employers get more familiar with the information required to complete the application form.
- 4.1.8 Retirals remain below target due in part to the increased amount of time the Team we are spending on customer interaction (see 3.2.2), but mainly due to members returning incomplete paperwork which causes a delay in us being able to process benefits. Following a previous fraud case and in line with agreed actions, the retirement process has been enhanced and requires gathering additional personal information for members retiring to ensure we are not susceptible to identity fraud. Part of the information required is proof of address and proof of bank details. These must be confirmed by providing separate documents of proof. Members are advised in writing of this requirement, however in some instances, separate documents are not provided by members. This is followed up with members by telephone in the first instance or email if no telephone number is available.

4.1.9 From late March through to early June, public sector schemes, including the Scottish LGPS, once again had to suspend all transfer calculations, which also affects divorce calculations, until The Government's Actuary Department (GAD) issued revised transfer factors. The Revised factors were released during the quarter, and we are once again able to process transfers. However, tasks we had open in Altair which became due during the suspension period but could not be processed, have an impact on our target figures.

4.1.10 The target levels 90% completion within the target days, may appear ambitious for some of the key processes. However, we remain optimistic that these are achievable as the team gains more experience. In some instances, performance is dependent on other organisations and the target may need revised to reflect this. Targets are being kept under review.

## **4.2 KPI 2 - Total Days Elapsed**

4.2.1 This graph details the average amount of days it takes to complete each process reported on in the Key Processes.

4.2.2 The days elapsed being greater than target for ill health estimates is related to the circumstance outlined in paragraph 4.1.7. and the reason for transfers/divorce is outlined in paragraph 4.1.9.

## **4.3 KPI 3 – Casework Ongoing**

4.3.1 This table provides a breakdown of the total caseload for each of the 10 key processes. The table illustrates the volume of cases being dealt with by the Team and assessment of processes completed and those that remain outstanding. The number of items being progressed is consistent each quarter.

# **5.0 Conclusions**

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5.1 This report provides members with information on the wider Pension Team's activities and service delivery to employers and members of the Fund in the quarter to 30<sup>th</sup> September 2023.

5.2 Progress against the Fund's business plan has been positive, with areas of work being advanced throughout the quarter.

## **List of Appendices**

Appendix A

KPI 1 – Key Processes

KPI 2 – Total Days Elapsed

KPI 3 – Casework Ongoing

## **Report Contact**

John Mackie

Administration Team Manager,

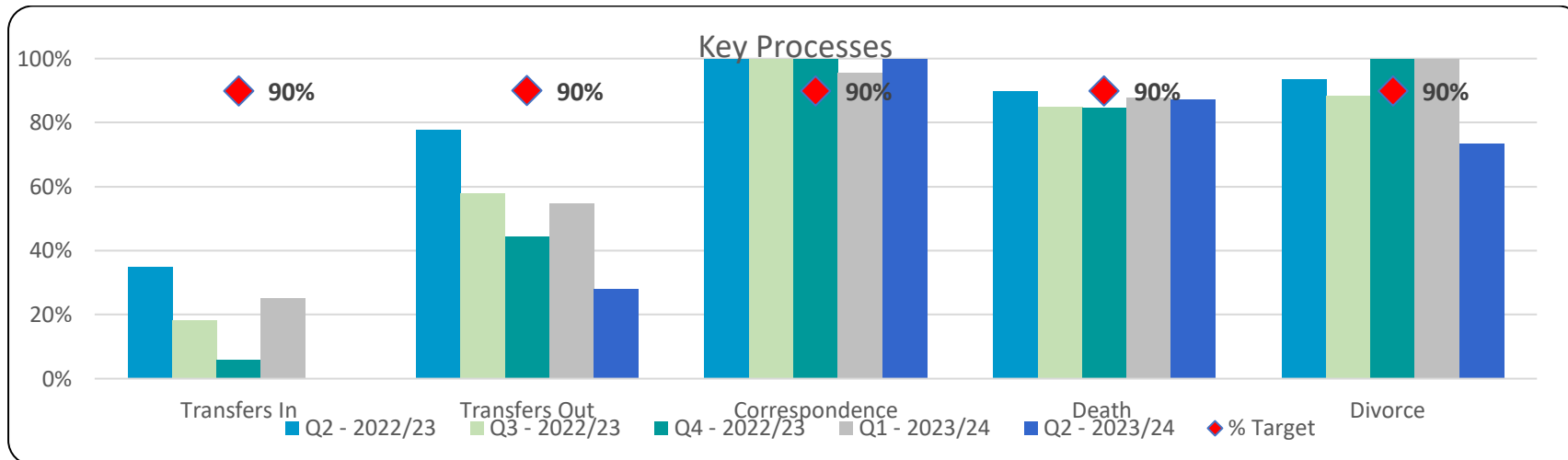
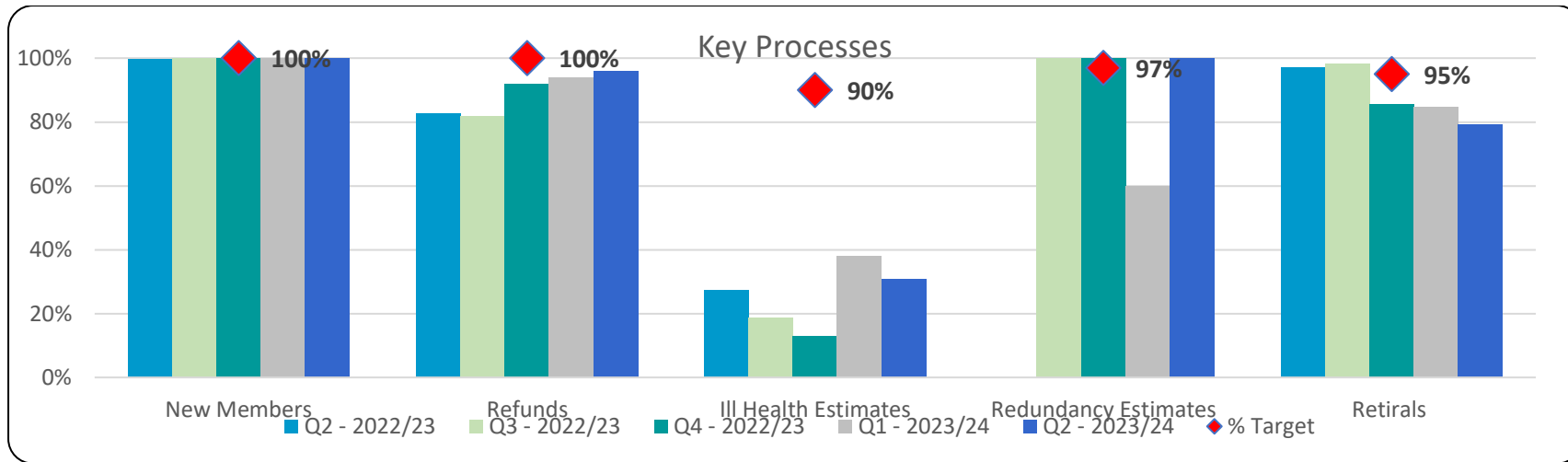
Fife Council, Fife House, North Street, Glenrothes, Fife, KY7 5LT

Email – [john.mackie@fife.gov.uk](mailto:john.mackie@fife.gov.uk)



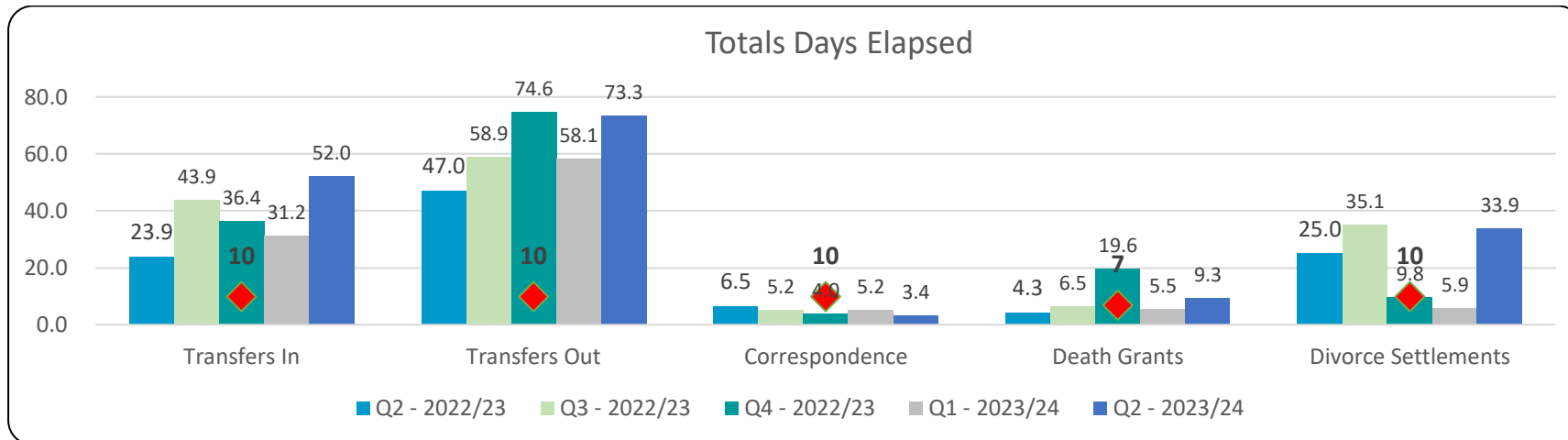
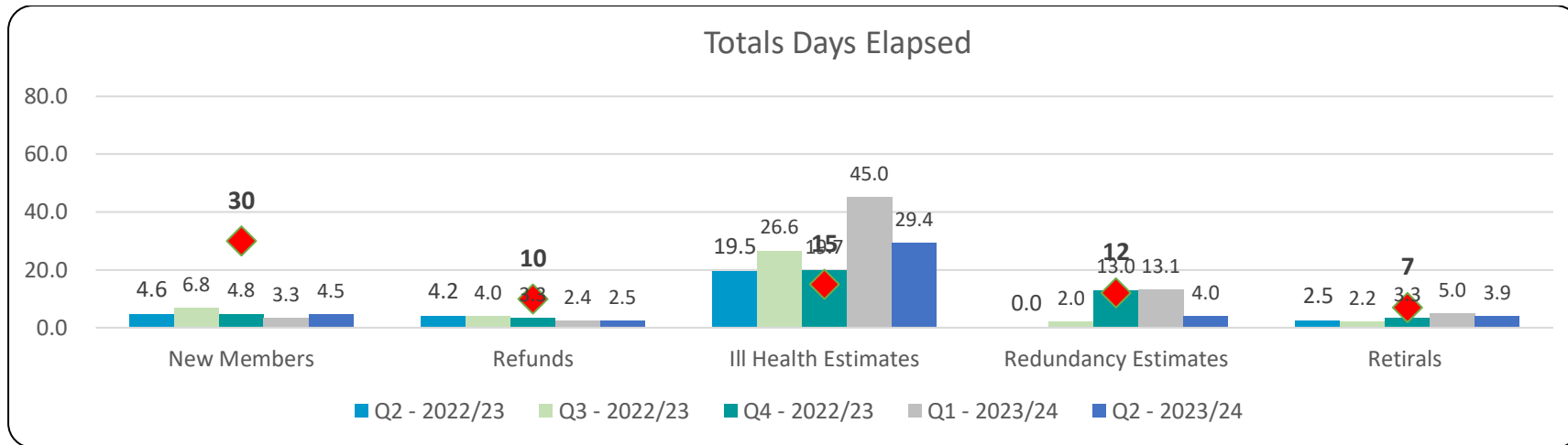
KPI 1: Key Processes

Appendix A



KPI 2: Total Days Elapsed

Appendix A (Cont'd)



### KPI 3: Casework Ongoing

Ongoing Casework at End of Reporting Quarter	Q2 2022/23				Q3 2022/23				Q4 2022/23				Q1 2023/24				Q2 2023/24			
Key Process	Brought Forward	Received	Completed	Outstanding	Brought Forward	Received	Completed	Outstanding	Brought Forward	Received	Completed	Outstanding	Brought Forward	Received	Completed	Outstanding	Brought Forward	Completed	Received	Outstanding
New Members	112	763	796	79	79	664	720	23	23	562	584	1	1	657	629	29	29	844	830	15
Refunds	32	339	256	115	115	283	368	30	30	255	271	14	14	211	180	45	45	371	397	71
Ill Health Estimates	7	35	23	19	19	22	28	13	13	24	25	12	12	15	23	4	4	13	18	9
Redundancy Estimates	0	0	0	0	0	1	1	0	0	3	1	2	2	3	5	0	0	6	6	0
Retirals	216	199	196	219	219	218	175	262	262	231	197	293	293	245	216	322	322	238	235	319
Transfers In	38	15	25	28	28	12	12	28	28	28	23	33	33	28	6	55	55	2	33	86
Transfers Out	34	43	24	53	53	42	47	48	48	47	35	57	57	36	41	52	52	42	56	66
Correspondence	1	28	24	5	5	14	18	1	1	20	19	2	2	24	24	2	2	27	27	2
Death Grants	52	124	117	59	59	128	112	75	75	188	215	48	48	143	143	48	48	116	129	61
Divorce Settlements	7	17	16	8	8	13	18	3	3	19	18	4	4	13	6	11	11	19	17	9

(Brought Forward + Received – Completed) = Outstanding

14 December 2023  
Agenda Item No. 7

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## **Fife Pension Board – Nominations and Appointments Process and Conflicts of Interest Guidance**

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Report by: Eileen Rowand, Executive Director (Finance and Corporate Services)

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Wards Affected: All

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### **Purpose**

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To approve the Pension Board Nominations and Appointments process and associated Conflicts of Interest Guidance.

### **Recommendation(s)**

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Members are asked to approve the Pension Board Nominations and Appointments process and associated Conflicts of Interest Guidance, set out in the Appendix 1 to the report.

### **Resource Implications**

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There are no costs associated with this report.

### **Legal & Risk Implications**

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The background legislation to the creation of the Pension Board is set out in the Public Service Pensions Act 2013. Subsequent regulations were made and consist of the Local Government Pension Scheme (Governance) (Scotland) Regulations 2015. The Council is obliged, to ensure that appropriate governance arrangements are in place.

### **Impact Assessment**

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The Nominations and Appointment process does not discriminate on the basis of protected characteristics and trade union and employers are encouraged to consider equalities considerations when making their recommendations.

### **Consultation**

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The Pension Board representatives have been consulted and agree with the proposed Nominations and Appointments process and associated Conflicts of Interest guidance.

## 1.0 Background

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- 1.1 The Council is required to establish and maintain a Pension Board, for the purposes of assisting with the ongoing compliance of the fund and is constituted under the provisions of the Local Government Pension Scheme (Governance) (Scotland) Regulations 2015 (the 2015 Regulations) and sections 5 (1) and (2) of the Public Service Pensions Act 2013.
- 1.2 The Pension Board consists of an equal number of representatives nominated by scheme employers and relevant trade unions, drawn from Fife Council and scheduled or admitted bodies in membership of the fund.
- 1.3 The Scheme Manager is required to fill any vacancy that arises on the Pension Board and the process detailed at Appendix 1 sets out the arrangements for filling vacancies. This process has been in place for some time but not formally documented.
- 1.4 Conflicts of Interest Guidance has been prepared for Fife Pension Fund, as administered by Fife Council, as a guide for members of the Pension Board. The Guidance sets out the principles which members of the Fife Pension Board are expected to follow to fulfil their legal obligations under the Public Service Pensions Act 2013 in identifying, monitoring and managing potential, actual or perceived conflicts of interest. It also provides guidance for Officers and Advisers to the Fund.
- 1.5 It aims to ensure that those involved in the operation of the Fife Pension Fund do not act improperly or create a perception that they may have acted improperly due to a conflict of interest.

## 2.0 Conclusions

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- 2.1 The Committee is asked to approve the Pension Board Nominations and Appointments Process set out in Appendix 1 and the associated Conflicts of Interest Guidance.

### List of Appendices

1. Appendix 1 – Nominations and Appointments Process for Members of Fife Pension Board
2. Appendix 1(a) – Conflicts of Interest Guidance – Fife Pension Board

### Report Contact

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**NOMINATIONS AND APPOINTMENTS PROCESS  
FOR MEMBERS OF THE FIFE PENSION BOARD**

## Introduction

Fife Council operates a Pensions Committee, comprising nine elected members to facilitate the effective management and administration of Fife Pension Fund.

The Council is also required to establish and maintain a Pension Board, for the purposes of assisting with the ongoing compliance of the fund and is constituted under the provisions of the Local Government Pension Scheme (Governance) (Scotland) Regulations 2015 (the 2015 Regulations) and sections 5 (1) and (2) of the Public Service Pensions Act 2013.

This guidance sets out how Fife Council will support the nomination and appointment of Employee and Employer Representatives to the Pension Board.

## Pension Board Membership

The Pension Board consists of an equal number of representatives nominated by scheme employers and relevant trade unions, drawn from Fife Council and scheduled or admitted bodies in membership of the fund. Pension Board representatives must not participate in or act as members of the Pensions Committee. Local Authority employer representatives will normally be elected members of the Council.

The Pension Board is made up of eight representatives; four employer and four member (trades unions).

## Trade Union Members

The Board will have four trade union representatives appointed by the trade unions as follows:

GMB	1
UNISON	2
Unite	1

Each of the trade unions will arrange their own selection process after consultation with the Scheme manager. The Scheme manager will confirm the appointment once satisfied that the person to be appointed does not have a conflict of interest.

## Employer Members

The Board will have two local authority representatives and two representatives from the Fund's other employers as follows:-

<b>Employer</b>	
Fife Council	2
Scheduled bodies	1
Admitted bodies	1

Employer members will be either councillors or, in the case of other employers, board members or similar, based on largest participation in the Fund by employer and with a view to achieving breadth of representation over time. Nominations will be invited for a representative. The Scheme manager will confirm the appointment once satisfied that the person to be appointed does not have a conflict of interest.

Employer representatives and employee representatives will otherwise carry out their role and be appointed and removed in accordance with the Constitution. The term of appointment to the Pension Board will normally be four years. Board members may be reappointed to serve further terms.

Trade unions and employers may withdraw and replace their nominated representatives from time to time by giving reasonable notice to the scheme manager. The replacement representative would be required to undertake the relevant training prior to appointment. A named substitute can be appointed for their representative. The term of any substitute appointment would cease when the relevant pension board member's appointment ends. Substitutes must undertake the same training as Pension Board representatives and therefore be invited to all training events.

### **Nomination and Appointment Process**

The Scheme Manager will contact all employer bodies that participate in the Fund to invite nominations of a suitable representative(s) to be considered to fill a vacancy as an employer representative on the Pension Board. Similarly, to fill a vacancy as a member representative, the Scheme Manager will contact the Trade Unions.

Applicants will be required to provide a brief biography, demonstrating they have the relevant experience to serve on the Board and will be required to declare they have no conflicts of interest. This will assist the Scheme Manager to ensure that no member of the Pension Board has a conflict of interest. Guidance on Conflicts of Interest is set out in Appendix 1(a).

Where there are multiple nominees for a position from employer nominations (Scheduled and Admitted Employers), Scheme employers would be invited to vote on the position(s) from a shortlist of nominees.

Details of appointments will be published on the Fife Pension Fund website.

Board Members / Pension Board representatives are required to adhere to the [Model Code of Conduct](#) as specified by Scottish Government which sets out the principles which members of the Pension Board are expected to follow to fulfil their legal obligations. Induction training will be provided on appointment and in accordance with the [Training Policy](#), Training will continue to be offered to Board members to support and develop their knowledge and understanding and to fulfil their obligation to undertake no less than two days (14 hours) of training in each financial year. Members of the Pensions Board will be invited to attend the same training sessions as the Pension Committee. Non-compliance of training will be reported to the body who nominated the representative.

Legal & Democratic Services

Date



## **Conflicts of Interest Guidance – Fife Pension Board**

## Contents

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## 1.0 Purpose Statement

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This Conflicts of Interest Guidance has been prepared for Fife Pension Fund, as administered by Fife Council, as a guide for members of the Pension Board.

The Guidance sets out the principles which members of the Fife Pension Board are expected to follow in order to fulfil their legal obligations under the Public Service Pensions Act 2013 in identifying, monitoring and managing potential, actual or perceived conflicts of interest. It can also serve as a guide for Officers and Advisers to the Fund.

It aims to ensure that those involved in the operation of the Fife Pension Fund do not act improperly or create a perception that they may have acted improperly due to a conflict of interest.

In addition to the requirements of this guidance, Pension Board members are required to adhere to the Constitution of the Pension Board which include declaring any interests that may lead to a conflict situation.

## 2.0 Application and Scope

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Many of those involved in managing or advising Local Government Pension Scheme (LGPS) Funds will have a variety of other roles and responsibilities for example as a member of the scheme, as an Elected Member of an employer participating in the LGPS or as an adviser to one or more LGPS administering authority. In addition, they may also have an individual personal, business or other interest which might conflict, or be perceived to conflict, with their role as a member of the Pension Board.

For the purposes of a member of the Pension Board, a conflict of interest is defined in Section 5(5) of the Public Service Pensions Act 2013 in relation to a person as:

*'a financial or other interest which is likely to prejudice the person's exercise of functions as a member of the board (but does not include a financial or other interest arising merely by virtue of membership of the scheme or any connected scheme).'*

There is a requirement for Pension Board members not to have a conflict of interest under the 2013 Act and to ensure compliance with the Local Government Pension Scheme. However, it is important to note that the issue of conflicts of interest must be considered in light of the Pension Board's role, which is to assist the administering authority.

The Pension Board does not make decisions in relation to the administration and management of the fund, this rests with the administering authority. As a result, it is not anticipated that significant conflicts will arise in the same way as would be the case if the Board were making decisions on a regular basis, for example, in comparison to the Pensions Committee. Regardless, a robust procedure needs to be in place to identify, monitor and manage conflicts effectively where they do arise.

The Pensions Regulator ('the Regulator') has a particular role to play in relation to members of the Pension Board and conflicts of interest. Whilst members of the Pension Board may be subject to other legal requirements while exercising their functions, the Regulator expects the requirements which specifically apply by virtue of the Public Service Pensions Act 2013 ('PSPA 2013') to be met and the standards of conduct and practice set out in its Code of Practice to be complied with.

Code of Practice 14 on governance and administration of public service pension schemes offers guidance about managing potential conflicts and in the identification, monitoring and management of actual conflicts. This guidance is intended to reflect the principles of the

Regulator's Code of Practice and apply them in a Local Government Pension Scheme ('LGPS') context.

### **3.0 Stage 1 – Identifying Conflicts of Interest**

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#### **1. The Pension Board**

A conflict of interest may arise when a member of the Pension Board must fulfil their legal duty to assist the administering authority and at the same time they have:

- a separate personal interest (financial or otherwise), or
- another responsibility in relation to that matter, giving rise to a possible conflict with their first responsibility as a Pension Board member.

The LGPS Regulations place a duty on the administering authority to satisfy itself that those appointed to its Pension Board do not have an actual conflict of interest prior to appointment and 'from time to time'.

There is a corresponding duty on any person who is proposed to be appointed to the Pension Board, and on an appointed member of the Pension Board, to provide the administering authority with such information as the administering authority reasonably requires to be satisfied that there are no conflicts of interest. Pension Board members also have a responsibility to anticipate potential conflicts of interest in relation to plans for future Pension Board activity.

To meet this duty, Fife Pension Fund requires Pension Board members to complete a 'Declaration of Interest' form on appointment to their role, then annually.

The information provided by each individual will be collated into the Fife Pension Fund 'Conflicts Register' which will be monitored and updated on an ongoing basis. Each individual Board member will be responsible for keeping Fife Pension Fund (the Head of Legal and Democratic Services) updated with any changes or additions during their term of appointment to the Board.

#### **2. Advisers to the Board**

Conflicts of interest may also arise in respect of advisers to the Pension Board. For example, an adviser may have a conflict of interest if he or she (or the same firm) is also advising the administering authority. The risk to the Pension Board is that the adviser does not provide, or is not seen to provide, independent advice.

Where there is likely to be a conflict of interest in giving advice, the Pension Board should consider carefully whether it is appropriate to appoint the adviser in the first place. It may also be necessary to consider carefully whether they should take steps to remove an adviser who has already been appointed.

### **4.0 Stage 2 – Monitoring the Conflicts of Interest**

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In order for the administering authority to fulfil its obligation to ensure that members of the Pension Board do not have a conflict of interest, at the commencement of the meeting where Pension Fund matters are to be discussed, the Chairperson of the Board will ask those present who are covered by this policy to declare any interests or potential conflicts.

The Pension Board must include an item on conflicts and/or interests declared at each meeting in the record of the meeting. Such a conflict could be in relation to a general subject area or to a specific agenda item of a Pension Board meeting.

The Chairperson of the Pension Board must then be satisfied that the Board is acting within:

- the conflicts of interest requirements of the PSPA 2013 and the LGPS Regulations, and
- in the spirit of any national guidance or Code of Practice in relation to conflicts of interest for Pension Board members

Each member of the Pension Board, or a person proposed to be appointed to the Board must provide the Chairperson of the Pension Board with such information as they reasonably require for the purposes of demonstrating that there is not a conflict of interest.

## **5.0 Stage 3 – Managing Conflicts of Interest**

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Pension Board members are required to have a clear understanding of their role and the circumstances in which they may find themselves in a position of conflict of interest and should know how potential conflicts should be managed.

The Pension Board is required to evaluate the nature of any dual interests and responsibilities, assess the impact on operations and governance were a conflict of interest to materialise, and seek to prevent a potential conflict of interest becoming detrimental to the conduct of the Pension Board. The 'Conflicts Register' can be provided to assist.

The Pension Board may seek independent legal advice from a nominated officer (for example, the monitoring officer) or external advisers where necessary on how to deal with these issues, if appropriate.

Individual members of the Pension Board must know how to identify where they have a conflict of interest which needs to be declared and which may also restrict their ability to participate in meetings or decision making. They must also appreciate their legal duty under the Regulations to provide information to the administering authority in respect of such conflicts of interest.

Any individual who considers that they have a potential or actual conflict of interest which relates to an item of business at a meeting, must advise the Chairperson of the Pension Board prior to the meeting where possible, or state this clearly at the earliest possible opportunity in the meeting. A decision should then be reached on whether further action needs to be taken.

In the event an actual conflict of interest arises the following option(s) exist in terms of management:

- a member can withdraw from the discussion and decision making process; or
- a member can resign from the Pension Board if the conflict is so fundamental that it cannot be managed in any other way.

### Ongoing Management

The Head of Legal and Democratic Services, on behalf of Fife Pension Fund, will maintain a 'Conflicts Register' to record and monitor all potential or actual conflicts noted prior to or during Pension Board meetings and Pensions Committee meetings.

Every 12 months all members of the Pension Board will be asked to complete a new 'Declaration of Interest' form confirming that the information held on the register is correct or highlighting any changes that require to be made to the declaration.

## **6.0 Supporting Procedures and Documentation**

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This Guidance is supported by wider Fife Pension Fund and Fife Council governance policies and procedures, including but not limited to:

- Councillors' Code of Conduct
- Employee Code of Conduct
- Conflicts Register
- Pension Board Appointment Procedure

**Examples of Conflicts of Interest**

Below are some examples of how a conflict might arise, specifically in relation to a member of a Pension Board.

Pension Board members may, from time to time, be required to scrutinize a decision which may be, or appear to be, in opposition to another interest or responsibility. For example:

1. The Pension Board might review a decision by the Pensions Committee to levy an additional charge (under the Regulations) on a group of employers whose poor performance in carrying out their statutory functions in respect of the LGPS has resulted in the administering authority incurring additional costs. Any Board member employed by an affected employing authority would need to declare their interest in order for the potential conflict to be identified and managed to prevent an actual conflict arising.
2. A Pension Board member holds shares, worth only a few hundred pounds, in a company valued at £10's of millions which provides services to the Fund. The Pension Board is reviewing the governance of the performance of the provider and the decision to extend the term of the contract. The Pension Board is not responsible for extending the term of the contract and it will not impact on the company's share price. However, the Board member should still declare their interest and it should be recorded in the meeting minutes that the Board judged the interest insufficiently material to require any further action to be taken such as excluding the member from discussing or voting.
3. Where an employer representative on the Board only acts in the interests of the administering authority, rather than in the interests of all participating employers. Similarly, where a trade union (or member) representative on the Board, only acts in the interests of their union rather than in the interest of all scheme members.
4. Where an employer representative on the Board has access to information by virtue of their employment which could influence a decision of the Pensions Committee or inform the considerations of the Pension Board. This knowledge (whether disclosed or not) would result in a conflict of interest where it prejudices the individual's ability to carry out their functions as a representative of the Pension Board

**Sample of Fife Pension Fund ‘Conflicts Register’**

Date Identified	Name of Trustee	Identified by FP Board/ Committee)	Details of Conflict	How Notified	Action Taken	Follow up required (Yes/No)	Date resolved
20/03/2022	Councillor Name	Pensions Board	Trustee of Other	At start of Pensions Committee meeting	Removed from the meeting whilst matter was being discussed	No	20/03/22



**FIFE PENSION FUND- DECLARATION OF INTERESTS**

I, \_\_\_\_\_, am a member of the Fife Pension Fund Pension Board, and I set out below my interests which I am required to declare under the Fife Pension Board Conflicts of Interest Guidance.

**I further understand that it is my responsibility to notify the Head of Legal and Democratic Services, in writing, of any applicable change(s) in circumstances within one month of the change(s) occurring.**

Please note if you have any doubts as to whether or not you should declare a particular interest, it is wiser to supply the information rather than omit something which you should have declared.

**1. Fife Pension Fund Status**

Please indicate your current connection with the Fife Pension Fund (please select as many as applicable):

I am an active scheme member	Yes/No
I am a deferred pensioner scheme member	Yes/No
I am a pensioner scheme member	Yes/No

My current employer is an employer in the Fife Pension Fund (please give the name of your employer):

\_\_\_\_\_

\_\_\_\_\_

I am an elected Councillor (please give the name of the local authority):

\_\_\_\_\_

\_\_\_\_\_

Other connection (please provide further details)

\_\_\_\_\_

\_\_\_\_\_

**2. Any Other Interests**

(a) I am also a member/trustee of the following pension schemes:

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(b) I also hold a position/I am a shareholder in the following companies (continue on a separate sheet if needed):

Organisation	Position/Brief Description of duties	Relationship with Fife Pension Fund

**3. Potential Conflict**

Please detail any other interests or responsibilities which you have, that could become conflicts of interest and which may adversely affect your membership of the Fife Pension Fund Pension Board. If you do not have any please state 'None'.

**4. Undertaking**

I declare that I understand my responsibilities under the Fife Pension Fund Pension Board Conflicts of Interest guidance and I undertake to notify the Head of Legal & Democratic Services of any change(s) in the information set out above.

I confirm the above information to be true and accurate to the best of my knowledge.

Signed \_\_\_\_\_

Name (CAPITALS) \_\_\_\_\_

Date \_\_\_\_\_

E-mail \_\_\_\_\_

14 December 2023

Agenda Item No. 8

## **Pensions Committee Workplan**

Report by: Elaine Muir, Head of Finance

Wards Affected: All

### **Purpose**

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The purpose of this report is to provide the Committee with an overview of the proposed agendas for future meetings of the Pensions Committee and the annual cycle.

### **Recommendation(s)**

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The Committee is asked to:-

1. Consider and comment on the agenda planning document.

### **Resource Implications**

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There are no resource implications arising from this report.

### **Legal & Risk Implications**

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There are no direct legal implications arising from this report.

### **Impact Assessment**

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An EqIA checklist is not required because the report does not propose a change or revision to existing policies and practices.

### **Consultation**

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None

## **1.0 Background**

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- 1.1 In order for the Committee and Pension Board to gain an overview of the content of future meetings, as well as an awareness of the cyclical nature of items, a committee workplan is submitted to each meeting.

- 1.2 There will, of course be specific matters and papers which need to be brought to the attention of Committee in addition to those set out in the workplan. These will be added to the work programme as soon as they become apparent.
- 1.3 The workplan is attached as Appendix 1.

## 2.0 Workplan

- 2.1 The proposed agenda items for future meetings are set out below, based on the usual Committee cycle plus any known additional report requests.

### Pension Committee Workplan 2023-24

Report Title	Report Category	Committee Dates	
		28 Mar 24	30 May & 28 Jun 24
<b>Administration</b>			
Review of Administration Strategy	Administration		x
Transfer In Criteria	Administration	x	
<b>Funding</b>			
Actuarial Valuation - Final Valuation Report	Funding	x	
Revised Funding Strategy Statement	Funding	x	
<b>Governance</b>			
Fife Pension Fund Business Plan and Budget	Governance	x	
Fife Pension Fund Annual Report and Accounts	Governance		x
Pension Fund Budgetary Control - Projected Outturn	Governance		x
Update on Fife Pension Fund Business Plan (incl Admin Performance)	Governance	x	x
National Fraud Initiative	Governance	x	
Update on 2023/24 Internal Audit Plan and Summary of Reports	Governance	x	
Internal Audit Post Audit Review Report	Governance	x	
Annual Internal Audit Report	Governance		x
Annual Governance Statement	Governance		x
Training and Development	Governance		x
Audit Plans (Internal and External)	Governance	x	
<b>Investment</b>			
Fife Pension Fund- Investment Update	Investment	x	x
Statement of Investment Principles	Investment		x
Statement of Responsible Investment Principles (update)	Investment		x
Annual Review of Shared Services Agreement	Investment	x	
Investment Strategy	Investment	TBC	
CEM Benchmarking and Cost Transparency	Investment	x	
<b>Risk</b>			
Risk Management Update	Risk	x	x

- 2.2 In recognition of the need to balance the volume of business alongside the statutory deadlines for consideration of the annual report and accounts, an additional meeting has been scheduled in May 2024. This meeting has been scheduled to give the flexibility to manage the volume of business over two meetings if required. The split of agenda items across the meetings has yet to be determined.
- 2.3 Reports in relation to the National Fraud Initiative and Internal Audit Post Audit Reviews have been deferred until March 2024 to allow sufficient time for consultation with stakeholders to be carried out.
- 2.4 A review of the Communication Policy has been undertaken and no material amendments or changes were required therefore a report is not required for this Committee.
- 2.5 Targeted training will continue to be scheduled prior to committee meetings to provide more detailed information and training before reports are considered. This is consistent with the agreed Training Policy.

## 3.0 Conclusions

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- 3.1 A detailed workplan for the business of the Committee has been prepared and outlines the cyclical nature of reports.

### List of Appendices

1. Committee Workplan

### Background Papers

No background papers were relied on in the preparation of this report in terms of the Local Government (Scotland) Act, 1973.

### Report Contact

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PENSION COMMITTEE WORKPLAN

Frequency	Agenda Items	Month
Quarterly	Fife Pension Fund - Investment Update Risk Management Review Update on Fife Pension Fund Business Plan incl Administration Performance	Quarterly
Bi annual	Fife Pension Fund Budgetary Control	December June
Annual	Audit Plans (internal and external) CEM Benchmarking and Cost Transparency Business Plan Internal Audit Post Audit Review Report Update on 2023/24 Internal Audit Plan and Summary of Audit Reports issued Draft Annual Report and Accounts Annual Internal Audit Report Annual Governance statement Training and Development Statement of Investment Principles Statement of Responsible Investment Principles Annual Audit Report and Accounts Annual Review of Shared Service Arrangement  National Fraud Initiative  Communication Policy	March March (deferred 2023) March March March June June June June June June September September  March  December (material changes)
Every 3 years	Actuarial Valuation Updates Actuarial Valuation Funding Statement Strategy Investment Strategy Administration Strategy	Sept/Dec 2023 March 2024 Dec 23/ March 2024 June 2024 June 2024
As required	Audit Reports (Internal) Policy Reviews Currency Hedging	

14 December 2023

Agenda Item No. 9

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## **Risk Management - Quarterly Review**

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**Report by:** Elaine Muir, Head of Finance

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**Wards Affected:** ALL

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### **Purpose**

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The purpose of this report is to provide a quarterly update on the Risk Register for Fife Pension Fund. The risks associated with the Fund have been reviewed and updated scores provided to reflect the internal controls in place.

### **Recommendation(s)**

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The Committee are asked to:

1. Review and consider the contents of this report
2. Note that the risks are reviewed on a regular basis and reports will be brought forward on a quarterly basis

### **Resource Implications**

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There are no direct resource implications as a result of this report, however, should there be ineffective internal controls in place, some of the risks identified could have a significant financial impact on the Pension Fund, highlighting the need for ongoing monitoring and being risk aware.

### **Legal & Risk Implications**

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It is recognised that effective risk management is an essential element of good governance of the Local Government Pension Scheme.

### **Impact Assessment**

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An EqIA Assessment is not required.

### **Consultation**

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The Pension Board, comprising employer and member representatives, is integral to the governance of the Fund and they are invited to comment on the relevant matters at Committee meetings.

## 1.0 Background

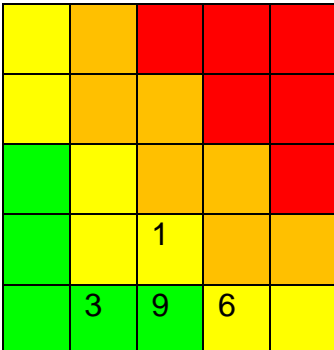
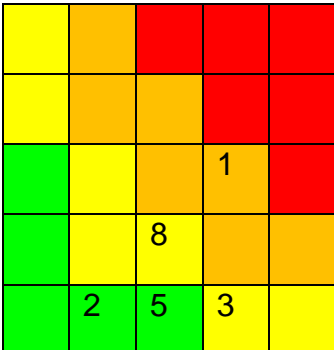
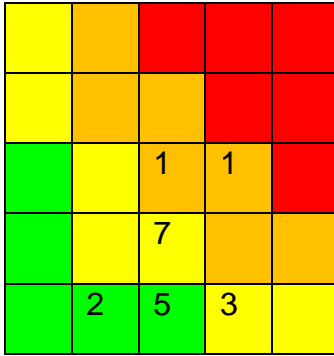
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- 1.1 As reported previously, a fund specific risk register has been developed in accordance with the Pensions Regulator’s Code of Practice. The risk register covers investment, governance and administration risk. It is held as a separate risk register on Ideagen, Fife Council’s risk management system and is reviewed on a quarterly basis by the Pensions Governance Group, which is an officers group chaired by the Head of Finance.
- 1.2 The risk register forms a key part of the risk management strategy for Fund. It provides a structured and focussed approach to managing risks.
- 1.3 An updated risk register was presented to committee in September. Since that time the register has been reviewed by the Pensions Governance Group at its meeting on 17 November 2023. This review included an assessment of risks and the effectiveness of associated internal controls, as well as considering any additional risks to be added and any additional context.
- 1.4 This report provides an update on the Risk Register since the last Committee.

## 2.0 Risk Register

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- 2.1 The following grids provide a summary of the target risk scores compared to the current risk scores and the risk scores for last quarter for the risks associated with the Pension Fund.

Target	Previous Quarter	Current
		

- 2.2 There are currently 9 risks that have current scores greater than the target. This is due to some internal controls identified not being fully effective in mitigating against the risk identified. Work is continually ongoing to take action to move to fully effective controls where possible. Progress is reviewed on an ongoing basis through a number of processes. Risk management is considered and forms part of team workplans and is discussed quarterly at the Pensions Governance Group as well as being considered by the Pensions Committee.
- 2.3 Comparison of the current scores with the previous quarter demonstrates that following review and actions taken within the last quarter, the current risk score has increased for one risk.



- 2.4 Since the last report one of the risks has moved from Low to Medium as a result of an increased level of turnover in both committee members and board members. The risk score has also been updated to reflect these circumstances. Details are as follows:
- Risk : Lack of Expertise (Committee and Board)
- As a result of the recent changes in both Committee and Board members the likelihood of this risk has been updated from “unlikely” to “possible”. New members are provided with background information and induction training, however the increasing level of turnover since May 2022 has increased the risk.
- 2.5 Some risks continue to have internal controls which are not considered fully effective at this time. This reflects the current processes in place and actions are currently ongoing to ensure these controls become fully effective. These include;
- Internal controls associated with processing of pension payments and lump sums and losses to the fund involve updating of documented procedures for both administration and investment activities. This work is ongoing.
  - Development work on controls associated with the maintenance of Altair is also being progressed this work will also contribute to completion of a recommendation included in a recent audit report on Pensions Contributions.
  - Staffing training and provision of training is currently considered as partially effective at this time. This reflects the fact that following a recent recruitment process, newly recruited team members will continue to require training for a period of time.
- 2.6 It should also be noted that in some instance controls are fully effective but external influences and factors can impact on the control and lead to a change in the effectiveness.
- 2.7 Taking account of the controls in place, there are currently 7 risks classed as insignificant, 10 classed as low risks and 2 risks are identified as medium.
- 2.8 The Risk Register provided at Appendix 1 provides full details of each of the risks, the associated impact, the risk factors, and the controls in place to mitigate against the risk. The current risk score reflects the position as at November 2023.
- 2.9 Following the recent audit of Risk Management arrangements for the Pension Fund, some progress has been made in dealing with the actions identified. Dialogue is taking place with the Council’s Risk Management Co-ordinator to help improve the recording of risks in Ideagen and the presentation for reporting in the future.
- 2.10 The risks are being updated to be measured using the PESTELO model which means assessing the impact and likelihood of the risk against the following categories; Political, Environmental, Social, Technological, Legal, and Organisational. Considering the risk in these terms allows for a more thorough and consistent assessment.
- 2.11 Ideagen has been updated and actions have been assigned to risks where internal controls are ineffective. These actions are designed to help move the controls to fully effective once implemented. Recording all this information in Ideagen, produces a fairly lengthy document as the risk register. Therefore, work is ongoing to adapt the standard reporting to enhance it for Committee to reduce the volume and improve the presentation.

## 3.0 Conclusions

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- 3.1 The Risk Register sets out the original, target and current risk scores for all risks identified. This is reviewed on a regular basis and scores updated to reflect the effectiveness of internal controls.
- 3.2 Regular reporting will continue to be provided to committee, recognising changes in scores and any new risks identified. Additional information has been added to the risk register to provide further clarification.

### List of Appendices

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1. Pension Fund Risk Register

### Background Papers

The following papers were relied on in the preparation of this report in terms of the Local Government (Scotland) Act, 1973:-

3. LGPS Risk Management Policy, Superannuation Fund and Pensions Sub-Committee and Fife Pension Board May 2019
4. Risk Management Review Superannuation Fund and Pensions Committee and Fife Pension Board September 2021
5. Risk Management Quarterly Update Pensions Committee March 2023

### Report Author

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## Fife Pension Fund Risk Register










Generated on: 01 December 2023















Risk Status	
	High
	Medium
	Low
	Insignificant







  

Key - Effectiveness of Internal Control	
	Not Effective
	Partially Effective
	Fully Effective

Risk Description	Impact	Risk Factors	Risk Owner	Original Risk Score	Internal Controls Description and Effectiveness Status	Current Risk Score	Target Risk Score	Risk Last Updated	
<p><b>As a result of:</b></p> <ul style="list-style-type: none"> <li>• Non-availability of Altair pension system.</li> <li>• ORACLE payroll system key staff or error omission.</li> <li>• Lack of availability of information and payment from AVC provider etc.</li> </ul> <p><b>There is a risk that:</b></p> <ul style="list-style-type: none"> <li>• We do not process pension payments and lump sums on time.</li> </ul> <p><b>Which could result in:</b></p> <ul style="list-style-type: none"> <li>• Retiring members being paid late which may have implications for their own finances.</li> <li>• Reputational risk for the Fund.</li> <li>• Financial cost to the fund if interest has to be paid to members.</li> </ul>	<ul style="list-style-type: none"> <li>• Retiring members will be paid late which may have implications for their own finances.</li> <li>• Reputational risk for the Fund.</li> </ul> <p>Financial cost to the fund if interest has to be paid to members.</p>	<ul style="list-style-type: none"> <li>• Non-availability of Altair pension system,</li> <li>• ORACLE payroll system key staff or error omission,</li> <li>• Availability of information and payment from AVC provider etc.</li> </ul>	Laura C Robertson	12	BC plans covering the F&CS Directorate regularly updated.		6	3	17 Nov 23
					Robust maintenance and update of Altair				
					Hosted contractual arrangement for Altair including Disaster Recovery Plan and Business Continuity Plan				
					Sufficient staff cover arrangements				
					Staff training and development and checking of work				
					Robust maintenance and update of ORACLE.				
					Hosted contractual arrangement for ORACLE including Disaster Recovery Plan and Business Continuity Plan				
					Comprehensive documented procedures and guides				
					Information and Funds received from AVC providers received on a timeous basis				
<b>Current Impacts</b>									

Risk Description	Impact	Risk Factors	Risk Owner	Original Risk Score	Internal Controls Description and Effectiveness Status	Current Risk Score	Target Risk Score	Risk Last Updated	
<p><b>As a result of:</b></p> <ul style="list-style-type: none"> <li>• Non-availability of Authority Financials system</li> <li>• No key staff</li> <li>• Errors and/or omissions</li> <li>• Failure of employers' financial systems</li> <li>• Failure to communicate with employers effectively</li> <li>• Failure of employer to provide required information.</li> </ul> <p><b>There is a risk that:</b></p> <ul style="list-style-type: none"> <li>• We fail to collect and account for contributions from employers and employees on time</li> </ul> <p><b>Which could result in:</b></p> <ul style="list-style-type: none"> <li>• Adverse audit opinion for failure to collect contributions by 19th of month.</li> <li>• Potential delays</li> </ul>	<ul style="list-style-type: none"> <li>• Adverse audit opinion for failure to collect contributions by 19th of month</li> <li>• Potential delays to employers' FRS17, FRS102 and IAS19 year-end accounting reports</li> </ul>	<ul style="list-style-type: none"> <li>• Non-availability of Authority Financials system, key staff, error, omission, failure of employers' financial systems, failure to communicate with employers effectively.</li> <li>• Failure of employer to provide required information.</li> </ul>	Laura C Robertson	9	Robust maintenance and update of Altair		3	3	17 Nov 23
					Sufficient staff cover arrangements				
					Staff training and development and checking of work				
					Ongoing communication with employers				
					Regular monitoring of cash flow				
					Robust maintenance and update of ORACLE.				
					Comprehensive documented procedures and guides				
					Maintenance and monitoring of spreadsheets ensuring contributions are paid within 19 days of pay day.				
					Budgetary control reports are prepared which estimate the costs and income based on trends of previous years. These provide indicative information to monitor financial management of the fund.				
									

to employers' FRS17, FRS102 and IAS19 year-end accounting reports.									
<b>Current Impacts</b>	Financial Consequences								

Risk Description	Impact	Risk Factors	Risk Owner	Original Risk Score	Internal Controls Description and Effectiveness Status	Current Risk Score	Target Risk Score	Risk Last Updated
<p><b>As a result of:</b></p> <ul style="list-style-type: none"> <li>Contributions from employees/employers being too low</li> <li>Failure of investment strategy to deliver adequate returns</li> <li>Significant increases in longevity, etc.</li> </ul> <p><b>There is a risk that:</b></p> <ul style="list-style-type: none"> <li>We are unable to meet liabilities as they fall due.</li> </ul> <p><b>Which could result in:</b></p> <ul style="list-style-type: none"> <li>Immediate cash injections being required from employers or increased contribution rates.</li> </ul>	<ul style="list-style-type: none"> <li>Immediate cash injections would be required from employers or increased contribution rates.</li> </ul>	<ul style="list-style-type: none"> <li>Contributions from employees/employers too low</li> <li>Failure of investment strategy to deliver adequate returns</li> <li>Significant increases in longevity, etc.</li> </ul>	Laura C Robertson	12	Funding Strategy Statement identifies how employers liabilities are best met going forward and contributions are updated in line with funding strategy which is based on a risk approach. Admitted have their own set contribution as determined by the risk based funding strategy and reflective of their own liabilities. 	4	4	17 Nov 23
					Investment Strategy is a key determinant of funding level, risk and volatility of employer contribution rates. The strategy sets out the allocation levels across various asset policy groups and is designed to generate sufficient return to continue to pay liabilities as they fall due 			
					Full Actuarial Valuation undertaken every 3 years. 			
					Ongoing advice from investment consultants etc 			
					Regular monitoring of cash flow 			
								
<b>Current Impacts</b>								

Risk Description	Impact	Risk Factors	Risk Owner	Original Risk Score	Internal Controls Description and Effectiveness Status	Current Risk Score	Target Risk Score	Risk Last Updated	
<b>As a result of:</b> <ul style="list-style-type: none"> <li>• Fire</li> <li>• Bomb</li> <li>• Flood</li> <li>• Pandemics</li> <li>• flu epidemic</li> <li>• strike action etc.</li> </ul>	<ul style="list-style-type: none"> <li>• Temporary loss of ability to provide service.</li> </ul>	<ul style="list-style-type: none"> <li>• Fire</li> <li>• Bomb</li> <li>• Flood</li> <li>• Pandemics</li> <li>• Flu epidemic</li> <li>• Strike action etc.</li> </ul>	Laura C Robertson	12	BC plans covering the F&CS Directorate regularly updated.		6	4	17 Nov 23
					Robust maintenance and update of Altair				
<b>There is a risk that:</b> <ul style="list-style-type: none"> <li>• We are unable to keep service going due to loss of main office, computer system or staff.</li> </ul>									
<b>Which could result in:</b> <ul style="list-style-type: none"> <li>• Temporary loss of ability to provide service.</li> </ul>									
<b>Current Impacts</b>									

Risk Description	Impact	Risk Factors	Risk Owner	Original Risk Score	Internal Controls Description and Effectiveness Status	Current Risk Score	Target Risk Score	Risk Last Updated	
<b>As a result of:</b> <ul style="list-style-type: none"> <li>• Fraud or misappropriation</li> </ul>	<ul style="list-style-type: none"> <li>• Financial loss to the fund</li> </ul>	<ul style="list-style-type: none"> <li>• Fraud or misappropriation of funds by an</li> </ul>	Elaine Muir	12	Regular monitoring of cash flow		6	3	17 Nov 23
					Internal and external audit regularly test that appropriate controls are in place and working effectively				

of funds by an employer, employee, agent or contractor  <b>There is a risk that:</b> • We lose funds through Fraud or Misappropriation.  <b>Which could result in:</b> • Financial loss to the fund.		employer, employee, agent or contractor			Regulatory control reports from investment managers, custodian, etc are also reviewed by audit.				
					Due diligence is carried out when a new Fund Manager is appointed.				
					Reliance is also placed on Financial Conduct Authority registration				
					Performance monitored on an ongoing quarterly basis				
					Newsletter for Pension Scheme members				
					Annual Employer Forum				
					Internal Policies and Procedures in place.				
					National Fraud Initiative				
<b>Current Impacts</b>	Financial Consequence - loss to the fund								










Risk Description	Impact	Risk Factors	Risk Owner	Original Risk Score	Internal Controls Description and Effectiveness Status	Current Risk Score	Target Risk Score	Risk Last Updated	
<b>As a result of:</b> • Scheme liabilities increase disproportionately as a result of increased longevity • Falling bond yields • Changing retirement patterns, etc.  <b>There is a risk that:</b> • Employers	• Fund matures more quickly	Scheme liabilities increase disproportionately as a result of: • increased longevity • falling bond yields • changing retirement patterns, etc.	Elaine Muir	6	Ongoing communication with employers		3	3	17 Nov 23
					Funding Strategy Statement identifies how employers liabilities are best met going forward and contributions are updated in line with funding strategy which is based on a risk approach. Admitted have their own set contribution as determined by the risk based funding strategy and reflective of their own liabilities.				
					Full Actuarial Valuation undertaken every 3 years.				
					Due diligence is carried out when a new Fund Manager is appointed.				
					Employer Covenant issued by Actuary following actuarial assessment to allow admitted bodies access to the Fund.				
					Maintenance and monitoring of spreadsheets ensuring contributions are paid within 19 days of pay day.				













become unable to participate in scheme due collapse of private contractors and other bodies admitted into the Fund.  <b>Which could result in:</b> • Fund maturing more quickly.								
<b>Current Impacts</b>	Financial Consequences							

Risk Description	Impact	Risk Factors	Risk Owner	Original Risk Score	Internal Controls Description and Effectiveness Status	Current Risk Score	Target Risk Score	Risk Last Updated	
<b>As a result of:</b> <ul style="list-style-type: none"> <li>Poor economic conditions.</li> <li>Incorrect investment strategy.</li> <li>Poor performance of investment managers.</li> </ul> <b>There is a risk that:</b> <ul style="list-style-type: none"> <li>There are significant rises in employer contributions due to poor/negative investment returns.</li> </ul> <b>Which could</b>	<ul style="list-style-type: none"> <li>Poor/negative investment returns leading to increased employer contribution rates.</li> </ul>	<ul style="list-style-type: none"> <li>Poor economic conditions, incorrect investment strategy. Poor performance of investment managers</li> </ul>	Elaine Muir	16	Investment Strategy is a key determinant of funding level, risk and volatility of employer contribution rates. The strategy sets out the allocation levels across various asset policy groups and is designed to generate sufficient return to continue to pay liabilities as they fall due		3	3	17 Nov 23
				Ongoing advice from investment consultants etc					
				Performance monitored on an ongoing quarterly basis					
				Diversified range of investment managers over different asset classes					
				Strategic Investment advice from Independent Advisors					

<b>result in:</b>									
<ul style="list-style-type: none"> <li>Poor/negative investment returns leading to increased employer contribution rates.</li> </ul>									
<b>Current Impacts</b>	Financial consequences								

Risk Description	Impact	Risk Factors	Risk Owner	Original Risk Score	Internal Controls Description and Effectiveness Status	Current Risk Score	Target Risk Score	Risk Last Updated	
<b>As a result of:</b> <ul style="list-style-type: none"> <li>The financial collapse of the global custodian.</li> <li>Failure to safeguard assets or records.</li> </ul> <b>There is a risk that:</b> <ul style="list-style-type: none"> <li>There is a failure of Global Custodian.</li> </ul> <b>Which could result in:</b> <ul style="list-style-type: none"> <li>Financial loss to the fund.</li> <li>Loss of information.</li> </ul>	<ul style="list-style-type: none"> <li>Financial loss to the fund. Loss of information.</li> </ul>	<ul style="list-style-type: none"> <li>Financial collapse of global custodian or failure to safeguard assets or records.</li> </ul>	Elaine Muir	5	IT contacts are managed and reviewed in line with industry best practice. 	4	4	17 Nov 23	
					Performance monitored on an ongoing quarterly basis 				
					Legal agreement with Custodian 				
					Credit Rating monitored on an ongoing basis 				
					Regulated by Financial Services Authority 				
					Assets not on Custodian balance sheet 				
					Annual review meeting which takes place to discuss and ensure contractual obligations have been fulfilled. 				
									
<b>Current Impacts</b>	Financial Consequences								






















Risk Description	Impact	Risk Factors	Risk Owner	Original Risk Score	Internal Controls Description and Effectiveness Status	Current Risk Score	Target Risk Score	Risk Last Updated
<b>As a result of:</b> <ul style="list-style-type: none"> <li>The Market sector falling substantially.</li> </ul> <b>There is a risk that:</b> <ul style="list-style-type: none"> <li>The Investment Manager fails to manage equities and other investments.</li> <li>Council's management of the contract with Investment manager.</li> </ul> <b>Which could result in:</b> <ul style="list-style-type: none"> <li>Financial loss to the fund.</li> </ul>	<ul style="list-style-type: none"> <li>Financial loss to the fund</li> </ul>	<ul style="list-style-type: none"> <li>Market sector falls substantially</li> </ul>	Elaine Muir	4	Investment Strategy is a key determinant of funding level, risk and volatility of employer contribution rates. The strategy sets out the allocation levels across various asset policy groups and is designed to generate sufficient return to continue to pay liabilities as they fall due 	3	3	17 Nov 23
					Ongoing advice from investment consultants etc 			
					Due diligence is carried out when a new Fund Manager is appointed. 			
					Performance monitored on an ongoing quarterly basis 			
					Diversified range of investment managers over different asset classes 			
					Strategic Investment advice from Independent Advisors 			
								
<b>Current Impacts</b>	Financial Consequences							

Risk Description	Impact	Risk Factors	Risk Owner	Original Risk Score	Internal Controls Description and Effectiveness Status	Current Risk Score	Target Risk Score	Risk Last Updated
<b>As a result of:</b> <ul style="list-style-type: none"> <li>Lack of technical expertise/staff resources to research</li> </ul>	<ul style="list-style-type: none"> <li>Wrong pension payments made or estimates given.</li> <li>New scheme and regulations not</li> </ul>	<ul style="list-style-type: none"> <li>Lack of technical expertise/staff resources to research regulations</li> </ul>	Laura C Robertson	9	Staff training and development and checking of work 	6	2	17 Nov 23
					Ongoing advice from investment consultants etc 			
					Internal and external audit regularly test that appropriate controls are in place and working effectively 			








<p>regulations</p> <ul style="list-style-type: none"> <li>IT systems not updated to reflect current legislation, etc</li> </ul> <p><b>There is a risk that:</b></p> <ul style="list-style-type: none"> <li>We fail to comply with LGPS and other Regulations.</li> </ul> <p><b>Which could result in:</b></p> <ul style="list-style-type: none"> <li>Wrong pension payments are made, or estimates given.</li> <li>New scheme and regulations are not fully known therefore staff will be unfamiliar.</li> </ul>	<p>fully known therefore staff will be unfamiliar</p>	<ul style="list-style-type: none"> <li>IT systems not updated to reflect current legislation, etc</li> </ul>			Regulatory control reports from investment managers, custodian, etc are also reviewed by audit.				
					Due diligence is carried out when a new Fund Manager is appointed.				
					Verification process in place within Pensions section, ongoing staff training undertaken.				
					Provision of training				
					Strategic Investment advice from Independent Advisors				
					Consultation with Peer Groups				
					In the short term advice can be sought				
					Altair configured based on processes which are aligned to legislation ensuring compliance				
					iConnect allows verification of records from ORACLE to Altair				
					Working in collaboration with other funds on investment matters. Relationships formed with professional advisors, other funds and networks. These relationships allow the team to keep up to date with developments and changes to legislation and regulation as well as discussing and agreeing best practice.				
<b>Current Impacts</b>	Financial Consequences as a result of incorrect decision making								

Risk Description	Impact	Risk Factors	Risk Owner	Original Risk Score	Internal Controls Description and Effectiveness Status	Current Risk Score	Target Risk Score	Risk Last Updated	
<p><b>As a result of:</b></p> <ul style="list-style-type: none"> <li>Insufficient security of data</li> <li>Inadequate data retention policy</li> <li>Backup and recovery</li> </ul>	<ul style="list-style-type: none"> <li>Data lost or compromised</li> <li>Reputational risk.</li> </ul>	<ul style="list-style-type: none"> <li>Insufficient security of data</li> <li>Inadequate data retention policy, backup and recovery procedures.</li> </ul>	Laura C Robertson	6	Data Protection Act procedures adhered to and all staff have completed appropriate mandatory DPA training		3	3	17 Nov 23
					Secure communications channels in place				
					System access controlled				
					Altair complies with the appropriate ISO standards require by a hosted system				

<p><b>There is a risk that:</b></p> <ul style="list-style-type: none"> <li>• We fail to hold personal data securely.</li> </ul> <p><b>Which could result in:</b></p> <ul style="list-style-type: none"> <li>• Data lost.</li> <li>• Reputational damage.</li> </ul>									
<p><b>Current Impacts</b></p>									

Risk Description	Impact	Risk Factors	Risk Owner	Original Risk Score	Internal Controls Description and Effectiveness Status	Current Risk Score	Target Risk Score	Risk Last Updated												
<p><b>As a result of:</b></p> <ul style="list-style-type: none"> <li>• Poor or non-existent notification of by employers of new starts</li> <li>• Amendments</li> <li>• Leavers, etc.</li> </ul> <p><b>There is a risk that:</b></p> <ul style="list-style-type: none"> <li>• We fail to keep pension records up to date and accurate.</li> </ul> <p><b>Which could result in:</b></p> <ul style="list-style-type: none"> <li>• Incorrect records leading to incorrect</li> </ul>	<ul style="list-style-type: none"> <li>• Incorrect records leading to incorrect estimates being issued and potentially incorrect pensions being paid</li> </ul>	<ul style="list-style-type: none"> <li>• Poor or non-existent notification of by employers of new starts, amendments, leavers, etc.</li> </ul>	<p>Laura C Robertson</p>	<p>9</p>	<table border="1"> <tr> <td data-bbox="891 788 1787 842">Robust maintenance and update of Altair</td> <td data-bbox="1787 788 1854 842" style="text-align: center;">  </td> </tr> <tr> <td data-bbox="891 842 1787 896">Ongoing communication with employers</td> <td data-bbox="1787 842 1854 896" style="text-align: center;">  </td> </tr> <tr> <td data-bbox="891 896 1787 951">Verification process in place within Pensions section, ongoing staff training undertaken.</td> <td data-bbox="1787 896 1854 951" style="text-align: center;">  </td> </tr> <tr> <td data-bbox="891 951 1787 1005">Robust maintenance and update of ORACLE.</td> <td data-bbox="1787 951 1854 1005" style="text-align: center;">  </td> </tr> <tr> <td data-bbox="891 1005 1787 1059">iConnect allows verification of records from ORACLE to Altair</td> <td data-bbox="1787 1005 1854 1059" style="text-align: center;">  </td> </tr> <tr> <td data-bbox="891 1059 1787 1114">Members self-service gives members the opportunity to check and update their own records</td> <td data-bbox="1787 1059 1854 1114" style="text-align: center;">  </td> </tr> </table>	Robust maintenance and update of Altair		Ongoing communication with employers		Verification process in place within Pensions section, ongoing staff training undertaken.		Robust maintenance and update of ORACLE.		iConnect allows verification of records from ORACLE to Altair		Members self-service gives members the opportunity to check and update their own records		<p>6</p>	<p>3</p>	<p>17 Nov 23</p>
Robust maintenance and update of Altair																				
Ongoing communication with employers																				
Verification process in place within Pensions section, ongoing staff training undertaken.																				
Robust maintenance and update of ORACLE.																				
iConnect allows verification of records from ORACLE to Altair																				
Members self-service gives members the opportunity to check and update their own records																				
																				

estimates being issued. • Potentially incorrect pensions being paid.								
<b>Current Impacts</b>								

Risk Description	Impact	Risk Factors	Risk Owner	Original Risk Score	Internal Controls Description and Effectiveness Status	Current Risk Score	Target Risk Score	Risk Last Updated	
<b>As a result of:</b> • Lack of training. • continuous professional development. • Turnover of members  <b>There is a risk that:</b> • Committee and board members have inadequate knowledge and understanding.  <b>Which could result in:</b> • Detrimental decisions made in relation to the Pension Fund and management of the fund.	• Detrimental decisions made in relation to the Pension Fund and management of the fund	• Lack of training and continuous professional development.	Elaine Muir	8	Provision of training		9	4	01-Dec-2023
					Strategic Investment advice from Independent Advisors				
					Consultation with Peer Groups				
					Attendance at events/webinars				
									
<b>Current Impacts</b>	Financial Consequences								




Risk Description	Impact	Risk Factors	Risk Owner	Original Risk Score	Internal Controls Description and Effectiveness Status	Current Risk Score	Target Risk Score	Risk Last Updated	
<b>As a result of:</b> <ul style="list-style-type: none"> <li>The specialist nature of work, there are relatively few experts in investments and the LGPS regulations.</li> <li>Staff illness</li> <li>Staff turnover</li> </ul> <b>There is a risk that:</b> <ul style="list-style-type: none"> <li>We over rely on key officers.</li> </ul> <b>Which could result in:</b> <ul style="list-style-type: none"> <li>a knowledge gap.</li> <li>difficulty recruiting staff.</li> </ul>	<ul style="list-style-type: none"> <li>If an officer leaves or falls ill knowledge gap may be difficult to fill.</li> </ul>	<ul style="list-style-type: none"> <li>Specialist nature of work means there are relatively few experts in investments and the LGPS regulations.</li> </ul>	Laura C Robertson	16	Sufficient staff cover arrangements		6	3	17 Nov 23
					Staff training and development and checking of work				
					Ongoing advice from investment consultants etc				
					Consultation with Peer Groups				
					Key officers transfer specialist knowledge to colleagues				
					In the short term advice can be sought				
					Working in collaboration with other funds on investment matters. Relationships formed with professional advisors, other funds and networks. These relationships allow the team to keep up to date with developments and changes to legislation and regulation as well as discussing and agreeing best practice.				
<b>Current Impacts</b>									




Risk Description	Impact	Risk Factors	Risk Owner	Original Risk Score	Internal Controls Description and Effectiveness Status	Current Risk Score	Target Risk Score	Risk Last Updated	
As a result of: • Lack of clear communication of policy and actions	Scheme members not aware of their rights resulting in bad decisions	Lack of clear communication of policy and actions particularly with	Laura C Robertson	8	Pensions website		2	2	17 Nov 23
					Regular updates for employers				

particularly with employers and scheme members. There is a risk that: • We fail to communicate properly with stakeholders. Which could result in: • Scheme members not aware of their rights resulting in bad decisions • Employers not aware of regulations, procedures, etc.	Employers not aware of regulations, procedures, etc.	employers and scheme members			Newsletter for Pension Scheme members				
					Annual Employer Forum				
<b>Current Impacts</b>									

Risk Description	Impact	Risk Factors	Risk Owner	Original Risk Score	Internal Controls Description and Effectiveness Status	Current Risk Score	Target Risk Score	Risk Last Updated	
<b>As a result of:</b> <ul style="list-style-type: none"> <li>• Non attendance due to:</li> <li>• Scheduling of meetings</li> <li>• Other commitments of elected members</li> <li>• Adverse weather conditions</li> <li>• Illness</li> <li>• Lack of connectivity for virtual meetings</li> </ul>	<ul style="list-style-type: none"> <li>• Meetings do not go ahead and decision making is delayed to subsequent meetings resulting in delay in implementation of any proposals or policy matters.</li> </ul>	<ul style="list-style-type: none"> <li>• Non attendance could be as a result of:</li> <li>• Scheduling of meetings</li> <li>• Other commitments of elected members</li> <li>• Adverse weather conditions</li> <li>• Illness</li> <li>• Lack of connectivity for virtual meetings</li> </ul>	Elaine Muir	12	Standing Orders - As required by the Act and Public Bodies (Joint Working) (Integration Joint Boards) (Scotland) Order 2014		4	4	17 Nov 23
					Committee Workplan				
					Committee dates agreed in advance				
					Virtual Meetings				
					The Administering Authority are required to prepare and approve a Pension Board Constitution setting out the roles, responsibilities of the Pension Board and its governance arrangements				






<p><b>There is a risk that:</b></p> <ul style="list-style-type: none"> <li>The committee will not have a quorum able to meet and undertake the business scheduled to be considered at the meeting.</li> </ul> <p><b>Which could result in:</b></p> <ul style="list-style-type: none"> <li>Meetings not going ahead and decision making is delayed to subsequent meetings resulting in delay in implementation of any proposals or policy matters.</li> </ul>									
<b>Current Impacts</b>									

Risk Description	Impact	Risk Factors	Risk Owner	Original Risk Score	Internal Controls Description and Effectiveness Status	Current Risk Score	Target Risk Score	Risk Last Updated
<p><b>As a result of:</b></p> <ul style="list-style-type: none"> <li>a cyber security attack.</li> </ul> <p><b>There is a risk that:</b></p> <ul style="list-style-type: none"> <li>data is compromised and</li> </ul>	<ul style="list-style-type: none"> <li>Members may not be paid.</li> <li>Members could have personal details stolen and used for criminal offences.</li> </ul>	<ul style="list-style-type: none"> <li>Cyber security attack could compromise the system and the data held in the system resulting in security breaches, noncompliance with</li> </ul>	Elaine Muir	20	<p>Maintenance of an ICT Strategy that correctly identifies and addresses the key challenges to delivering the information and technology required to support the delivery of services by Fife Council.</p> <p>Ensuring adequate provision is made for identified critical systems including, where necessary, secondary processing location in the case of the primary one failing and associated recovery procedures.</p> <p>Corporate board has effective oversight of ICT for Fife Council and agrees strategic direction and policies to be applied to ensure ICT remains aligned, effective and secure.</p>	    	12  6	17 Nov 23

<p>not secure and systems do not operate.</p> <p><b>Which may result in:</b></p> <ul style="list-style-type: none"> <li>• fraud.</li> <li>• sharing of personal details.</li> <li>• theft of personal details.</li> <li>• Scams.</li> <li>• not being able to provide service as systems compromised.</li> </ul>	<ul style="list-style-type: none"> <li>• Fraud of pension fund from use of personal details.</li> <li>• Reputational risk for the fund.</li> </ul>	<p>legislation, potential fraud and criminal offences.</p> <ul style="list-style-type: none"> <li>• Attacks could also mean the system cannot be used and as a result a service cannot be provided.</li> </ul>			IT contacts are managed and reviewed in line with industry best practice.				
					Process of gateway reviews which ensures that ICT and digital solutions are secure, sustainable, economical and compliant to the agreed standards and regulations.				
					There are established processes for reporting and investing all forms of security and Major incidents and lessons are learned from the outcomes.				
					All significant proposed changes to the network, hardware and software are reviewed for potential impact on the infrastructure and to ensure there are contingency rollback options identified before they can go ahead.				
					Tools are in place (including SCOM, Solarwinds) actively monitor Fife Council's infrastructure with the intention of fixing issues before they become faults. Also improves understanding of where faults are so that they can be resolved quickly.				
					Implement the Scottish Cyber Resilience Public Sector Action Plan. This sets out the key actions that the Scottish Government, public bodies and key partners will take to further enhance cyber resilience in Scotland's public sector. <a href="https://www.gov.scot/publications/cyber-resilience-strategy-scotland-public-sector-action-plan-2017-18/pages/2/">https://www.gov.scot/publications/cyber-resilience-strategy-scotland-public-sector-action-plan-2017-18/pages/2/</a>				
					The strategy sets out our approach to keeping software up to date balancing the benefits of security fixes and minor upgrades against the risks of the patches impacting adversely on other elements of our infrastructure. The enhanced requirements for PSN compliance raises the importance of getting security fixes rolled out effectively.				
					The Information Governance Working Group includes senior managers from across Fife Council and is responsible for ensuring Fife Council's compliance in matters relating to data protection, information governance and records management. The Group will provide annual reports to the SIRO. The approach ensures that senior management across all Directorates have appropriate visibility of, and involvement in, IRM strategy development and decision making.				
					Certificates of compliance with Cyber Essentials scheme and ISOs from Software suppliers				
					Cloud Hosting				
Cyber Essentials Training									
<b>Current Impacts</b>	Financial Consequence								

Risk Description	Impact	Risk Factors	Risk Owner	Original Risk Score	Internal Controls Description and Effectiveness Status	Current Risk Score	Target Risk Score	Risk Last Updated	
<p><b>As a result of:</b></p> <ul style="list-style-type: none"> <li>the Fund entering into investment management agreements with Lothian Pension Fund as a fund manager.</li> </ul> <p><b>There is a risk that:</b></p> <ul style="list-style-type: none"> <li>there is a conflict of interest in terms of the shared services agreement and arrangements in place for investment advice</li> </ul> <p><b>Which may result in:</b></p> <ul style="list-style-type: none"> <li>reduced level of independence in advice being given.</li> </ul>	<p>Potential impacts identified for this risk include:-</p> <ul style="list-style-type: none"> <li>decisions not made on independent advice</li> <li>poor investment decisions</li> <li>reduced level of returns</li> <li>lack of diversified investments</li> </ul>	<ul style="list-style-type: none"> <li>Market conditions</li> <li>Performance of mandates</li> <li>Lack of Investment Strategy</li> </ul>	Elaine Muir	9	Investment Strategy is a key determinant of funding level, risk and volatility of employer contribution rates. The strategy sets out the allocation levels across various asset policy groups and is designed to generate sufficient return to continue to pay liabilities as they fall due		2	2	17 Nov 23
					Regulated by Financial Services Authority				
					Strategic Investment advice from Independent Advisors				
					Diversified range of investment managers over different asset classes				
					Agreement sets out information outlining how LPFI limited will undertake portfolios management.				
					Document that sets are all Investment Management arrangements with LPFI Limited and documenting the relationship with existing memorandum of understanding.				
					Outlines the objectives, investment style, policies, monitoring and ESG arrangements for the mandate. This is reviewed by the independent advisers on an annual basis or more frequently if requested.				
					Performance monitored on an ongoing quarterly basis by Independent Advisors				
<b>Current Impacts</b>									

Risk Description	Impact	Risk Factors	Risk Owner	Original Risk Score	Internal Controls Description and Effectiveness Status	Current Risk Score	Target Risk Score	Risk Last Updated	
Inflationary Increase			Elaine Muir	16	Investment Strategy is a key determinant of funding level, risk and volatility of employer contribution rates. The strategy sets out the allocation levels across various asset policy groups and is designed to generate sufficient return to continue to pay liabilities as they fall due	6	4	17 Nov 23	
									Regular monitoring of cash flow
									Strategic Investment advice from Independent Advisors
									Budgetary control reports are prepared which estimate the costs and income based on trends of previous years. These provide indicative information to monitor financial management of the fund.
									Diversified range of investment managers over different asset classes
									
<b>Current Impacts</b>									