

THE FIFE COUNCIL - PENSIONS COMMITTEE – BLENDED MEETING

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

31 March 2025

10.00 am – 1.00 pm

PRESENT: **Committee** - Councillors Dave Dempsey (Convener), David Alexander, James Calder, Colin Davidson, Jane Ann Liston and Gordon Pryde.

Fife Pension Board - Ross Hugh (Chair) (Employee representative – Trade Union); Councillors Tom Adams and Lynn Ballantyne-Wardlaw (Employer representatives – Fife Council); Debbie Fyfe (Substituting for Colin Paterson, Employee representative – Trade Union); Robert Graham and Thomas Templeman (Employee representatives – Trade Unions); and Vicki Wyse (Employer representative – Admitted body employer representative).

ATTENDING: Elaine Muir, Head of Finance, Laura Robertson, Pensions Services Manager, Pamela Redpath, Service Manager - Audit and Risk Management Services, John Mackie, Team Manager - Transactions Team, Helena Couperwhite, Service Manager - Committee and Members Services, Lesley Robb, Lead Officer – Committee Services and Wendy MacGregor, Committee Officer, Legal and Democratic Services, Finance and Corporate Services.

ALSO ATTENDING: Albert Chen, Portfolio Manager, Emanuel Bouquet, Chief Investment Officer, Lothian Pension Fund, Karen Jones, Director of Audit and Assurance and Adrian Kolodziej, Senior Manager, Azets and Clare Scott, Independent Professional Observer.

APOLOGIES FOR ABSENCE: **Committee** - Councillor Sarah Neal.

Fife Pension Board - Colin Paterson (Employee representative – Trade Union).

141. DECLARATIONS OF INTEREST

No declarations of interest were submitted.

142. MINUTE

The committee considered:-

- (1) the minute of the meeting of the Pensions Committee on 13 December 2024.

Decision

The committee approved the minute.

- (2) the minute of the pre-meeting of Fife Pension Board on 10 December 2024.

Decision

The committee noted the minute.

- (3) the minute of the post-meeting of the Fife Pension Board on 13 December 2024.

Decision

The committee noted the minute.

143. FIFE PENSION FUND - BUSINESS PLAN UPDATE AND ADMINISTRATION ACTIVITY TO 31 DECEMBER 2024

The committee considered a report by the Head of Finance providing an update on the activities undertaken by the wider pension team during the third quarter of 2024-25. The report was organised into three sections, updating on the development activities identified in the Business Plan, administration activity undertaken, concluding 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) acknowledged the progress of key Business Plan activities;
- (2) noted the range of additional activities carried out by the team over the last quarter; and
- (3) acknowledged the level of quarterly performance relative to the target and to the same quarter of the previous year, detailed in Appendix 1 of the report.

144. FIFE PENSION FUND BUSINESS PLAN AND BUDGET 2025-26

The committee considered a report by the Head of Finance providing details of the Business Plan 2025-26 for Fife Pension Fund. The document was based on the format of last year's business plan with some additional contextual information.

Decision

The committee:-

- (1) noted the Business Plan; and
- (2) approved the Business Plan 2025-26 and the Indicative Budget 2025-26 detailed in Appendix 2 of the report, which was subject to change following a structure review. Any changes would require further approval by committee.

145. AZETS - ANNUAL AUDIT PLAN FIFE PENSION FUND

The committee considered a report by the Head of Finance providing the Azets External Annual Audit Plan for Fife Pension Fund for the financial year 2024-25, setting out risks highlighted, planned work, audit scope and timing.

Decision

The committee noted the content of the Azets External Annual Audit plan for 2024-25.

146. UPDATE ON 2024/25 FIFE PENSION FUND INTERNAL AUDIT PLAN AND 2024-25 ISSUED AUDIT REPORT

The committee considered a report by the Service Manager - Audit and Risk Management Services, providing an update on progress towards delivering the 2024-25 Pension Fund Internal Audit Plan and summary of findings from the Internal Audit Report finalised since the last meeting of the Pensions Committee.

Decision

The committee noted the contents of the report and the update on progress towards delivering the 2024-25 Internal Audit Plan in Appendix A and summary of findings in Appendix B of the report.

Councillor Colin Davidson left the meeting at 11.02 am and rejoined the meeting at 11.06 am

147. POST AUDIT REVIEW (PAR) REPORT

The committee considered a report by the Service Manager - Audit and Risk Management Services, providing an update on progress towards implementing internal audit recommendations previously reported to and agreed by Management.

Decision

The committee noted the contents of the report and the progress made in implementing the recommendations.

148. RISK MANAGEMENT - QUARTERLY REVIEW

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

Decision

The committee:-

- (1) reviewed and acknowledged the contents of the report; and
- (2) noted that the risks were reviewed on a regular basis and reports would be brought forward on a quarterly basis.

149. PENSIONS COMMITTEE WORKPLAN AND TRAINING PLAN

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. The report also highlighted the proposed internal training sessions designed to complement committee meetings and allow members more time to explore topics in depth.

Decision

The committee noted the agenda planning document and scheduled training dates.

150. COST TRANSPARENCY AND CEM BENCHMARKING

The committee considered a report by the Head of Finance providing an annual update in respect of Cost Transparency for Fife Pension Fund, detailing the disclosure in the Annual Report and Accounts and participation in the Cost Transparency Initiative (CTI). The report also provided details of the Fund's results from the annual CEM Benchmarking.

Decision

The committee noted the contents of the report.

The committee adjourned at 11.40am and reconvened at 11.50am.

The Committee agreed 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 items of business on the grounds that it involved the likely disclosure of exempt information as defined in paragraph(s) 6 of part 1 of schedule 7a of the Act.

151. COST TRANSPARENCY AND CEM BENCHMARKING

The committee considered a report by the Head of Finance complementing the previous public report at Agenda Item No. 11 (para. 150 above). The private report provided a more detailed analysis of the Pension Fund Management Costs by providing a breakdown per manager.

Decision

The committee noted the contents of the reports.

152. ANNUAL REVIEW OF SHARED SERVICES ARRANGEMENT

The committee considered a report by the Head of Finance providing an update to the Terms of Reference for the Joint Investment Forum (JIF) and an update in relation to the shared service arrangement between the Fife Pension Fund (FPF) and the Lothian Pension Fund (LPF). Assurance of continued progress and benefits of collaboration were also outlined in the report, including the Independent Professional Observer's (IPO) observations from recent attendance at the JIF.

Decision

The committee:-

- (1) acknowledged the continuing benefits of collaborative working with Lothian and Falkirk Pension Funds;
- (2) endorsed continued collaborative working;
- (3) noted the update to the Terms of Reference; and
- (4) noted the Independent Professional Observer's observations from attendance at the JIF in December 2024 and the responses provided.

153. PENSION FUND - INVESTMENT UPDATE

The committee considered a report by the Head of Finance providing an overview of the Fund's investments at 31 December 2024. A verbal update of manager monitoring activity was also provided.

Decision

The committee:-

- (1) approved a change in frequency from quarterly to annual reporting on investment performance and activity;
- (2) noted the Fund's strategic asset allocation and current allocations relative to target;
- (3) noted that the value of the Fund's assets on 31 December 2024 after returning over the quarter;
- (4) noted the Fund's strategic policy group allocations were within the permitted allocation ranges; and
- (5) that longer term absolute returns were strong and relative returns were above the liability benchmark.