

THE FIFE COUNCIL - PENSIONS COMMITTEE – REMOTE MEETING

26th September, 2022

10.00 a.m. – 12.30 p.m.

PRESENT: Committee - Councillors Dave Dempsey (Convener), Colin Davidson, Sean Dillon, Stefan Hoggan-Radu, Lynn Mowatt, Sarah Neal, Nicola Patrick, Gordon Pryde and Jonny Tepp.

Fife Pension Board – Councillors Tom Adams and Lynn Ballantyne-Wardlaw, Ian Dawson, Robert Graham, Ross Hugh and Vicki Wyse.

ATTENDING: Elaine Muir, Head of Finance; Laura Robertson, Finance Operations Manager; Pamela Redpath, Service Manager - Audit and Risk Management Services; John Mackie, Team Manager - Transactions Team; Karen Balfour, Lead Officer - Banking and Investment, Financial Services; Lesley Robb, Team Leader – Committee Services and Wendy MacGregor, Committee Officer, Committee Services, Legal and Democratic Services.

ALSO IN ATTENDANCE: Tim Bridle, Audit Manager, Audit Scotland; Albert Chen, Portfolio Manager and Bruce Miller, Chief Investment Officer, Lothian Pension Fund and Clare Scott, Independent Professional Observer.

APOLOGY FOR ABSENCE: Fife Pension Board - Colin Paterson.

13. DECLARATIONS OF INTEREST

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

14. MINUTES

The Committee considered:-

- (a) the minute of the Pensions Committee meeting on 30th June, 2022.

Decision

The Committee:-

- (1) agreed to approve the minute of the meeting of the Pensions Committee of 30th June, 2022; and
- (2) noted a reminder from the Convener, that there was a requirement in the Training Agreement to complete the Pension Toolkit within 6 months of appointment to the Pensions Committee and Fife Pension Board.

(b)/

2022 PEC 7

- (b) the comments from the Fife Pension Board arising from the meeting of the Pensions Committee on 30th June, 2022.

Decision

The Committee noted the comments from the Fife Pension Board from the meeting of the Pensions Committee on 30th June, 2022.

15. CHANGE OF MEMBERSHIP - FIFE PENSION BOARD

The Committee:-

- (1) noted the verbal update provided by the Head of Finance, that John Wincott, Employer Representative member on the Fife Pension Board, had resigned and that nominations would be sought from Scheduled Body Employers to fill the vacancy;
- (2) noted that Robert Graham would act as interim Chairperson of the Fife Pension Board and that Vicki Wyse would continue as Secretary, until permanent positions were appointed by the Fife Pension Board, following the appointment of the Scheduled Body Employer representative and that an update would be provided at the Pensions Committee meeting in December, 2022; and
- (3) acknowledged the valuable contributions from John Wincott during his term as a member of the Fife Pension Board, in both the work of the Committee and Board, and that he would be missed. The Convener on behalf of the Committee, wished John well in his future endeavours.

16. 2022/23 INTERNAL AUDIT PLAN

The Committee considered a report by the Service Manager, Audit and Risk Management, including the Fife Pension Fund's Internal Audit Plan for the 2022/23 financial year.

Decision

The Committee agreed to approve the 2022/23 Internal Audit Plan as detailed in Appendix A to the report.

17. FIFE PENSION FUND ADMINISTRATION STRATEGY

The Committee considered a report by the Head of Finance providing an updated Administration Strategy for Fife Pension Fund, to replace the previous strategy agreed by the Committee in June 2015 which will underpin the upcoming review of Key Performance Indicators (KPIs).

Decision

The Committee agreed to approve the revised Administration Strategy for the Fife Pension Fund.

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18. PENSION ADMINISTRATION - PERFORMANCE MONITORING REPORT

The Committee considered a report by the Head of Finance providing monitoring information on the performance of the Pensions Administration Team as well as updating members on other activities undertaken by the Team over the last quarter.

Decision

The Committee:-

- (1) considered and noted the level of quarterly performance relative to the target and to the same quarter of the previous year; and
- (2) noted the range of additional activities carried out by the team over the last quarter.

Councillor Colin Davidson left the meeting during consideration of the above item.

19. PENSION FUND BUDGETARY CONTROL

The Committee considered a report by the Head of Finance providing details of the provisional outturn of the Pension Fund for 2021-22 and the Budget for 2022-23.

Decision

The Committee:-

- (1) noted the provisional outturn for 2021-22;
- (2) agreed the indicative budget for 2022-23; and
- (3) noted that further reports in relation to the financial position of the Fund would be submitted to the Pensions Committee on a bi-annual basis.

20. STATEMENT OF INVESTMENT PRINCIPLES

The Committee considered a report by the Head of Finance introducing the annual review of the Statement of Investment Principles (SIP) for Fife Pension Fund. The revised SIP replaced the previous SIP agreed by the Committee in June 2021. The report also outlined governance arrangements for the implementation of investment strategy and the assurance provided and the format and frequency of reporting to the Committee.

Decision

The Committee agreed to adopt the revised Statement of Investment Principles.

21./

21. RISK MANAGEMENT - QUARTERLY REVIEW

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 were reviewed and updated scores provided to reflect the internal controls in place.

Decision

The Committee:-

- (1) considered and noted the contents of the report; and
- (2) noted that the risks would be reviewed on a regular basis and update reports would be submitted to the Pensions Committee on a quarterly basis.

The Committee adjourned at 11.35 a.m.

The Committee reconvened at 11.40 a.m.

22. PENSIONS 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 contents of the report and the annual work plan for the Pensions Committee.

23. FIFE PENSION FUND - INVESTMENT UPDATE

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

The Committee considered a report providing an overview of the Fund's investments as at 30th June, 2022, including information relating to the performance of the fund and actions taken in implementing the agreed investment strategy.

Decision

The Committee:-

- (1) agreed to approve the proposed revision to the strategic target asset allocation, as detailed in paragraph 2.6 of the report, to increase the Real Assets target to 20% (from 15%) and to reduce the Equities target to 50% (from 55%), consistent with the initial 2021 strategy review conclusions;
- (2)/

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- (2) noted the Fund's strategic asset allocation and current allocations relative to target;
 - (3) noted the value of the Fund's assets as at 30th June, 2022 after returning - 6.0% over the quarter;
 - (4) noted that the Fund was making steady progress towards its target allocations; and
 - (5) noted that longer term absolute returns were strong and relative returns were above both the asset and liability benchmarks.
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