

2024 PEC 52

THE FIFE COUNCIL - PENSIONS COMMITTEE – BLENDED MEETING

Committee Room 2, Floor 5, Fife House, North Street, Glenrothes

24 September 2024

10.00 am – 12.20 pm

PRESENT: Committee - Councillors Dave Dempsey (Convener), David Alexander, Naz Anis-Miah, Colin Davidson and Gordon Pryde.

Fife Pension Board – Councillor Lynn Ballantyne-Wardlaw (Chair), Robert Graham, Ross Hugh, Colin Paterson, Thomas Templeman and Vicki Wyse.

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

ALSO ATTENDING: Emmanuel Bocquet, Chief Investment Officer and Albert Chen Portfolio Manager, Lothian Pension Fund; Karen Jones, Director of Audit and Assurance, Azets Audit Services and Clare Scott, Independent Professional Observer.

APOLOGIES FOR ABSENCE: Committee - Councillors James Calder and Jane Ann Liston.

120. DECLARATIONS OF INTEREST

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

121. MINUTES

The committee considered:-

- (a) the minute of the meeting of the Pensions Committee of 28 June 2024;

Decision

The committee:-

- (1) noted concerns that the last three meetings of the committee had barely reached the required minimum quorum, despite political party Group Leaders and the Executive Director, Finance and Corporate Services, escalating the importance of achieving a quorum to committee members.

The Head of Finance was asked to convey to Group Leaders and the Executive Director there had been no increase in the number of members attending committee meetings; and

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- (2) otherwise agreed to approve the minute.
- (b) the minute of the pre-meeting of the Fife Pension Board of 27 June 2024.

Decision

The committee noted the minute of the pre-meeting of Fife Pension Board.

- (c) the minute of the post-meeting of Fife Pension Board of 28 June 2024.

Decision

The committee noted:-

- (1) the minute of the post-meeting of Fife Pension Board; and
- (2) that the Board had agreed the annual re-appointment of Board members as follows:-
 - Chairperson - Ross Hugh, employee representative; and
 - Joint Secretaries - Colin Paterson, employee representative and Vicki Wyse, Admitted body employer representative.

The re-appointments would take effect from December 2024.

122. 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 which replaced the (SIP) agreed by the Committee in September 2022. The report outlined governance arrangements for the implementation of investment strategy and the assurance provided and outlined the format and frequency of reporting to committee

Decision

The committee:-

- (1) noted potential inconsistencies within the report when compared with the Investment Strategy report presented to the committee in March 2024. The Head of Finance was requested to review and compare the detail of both reports from March 2024 and September 2024 and to make any necessary amendments to provide clarity within the detail of the report;
- (2) acknowledged that the Head of Finance had agreed to incorporate detail relating to the Joint Investment Forum (JIF) in the confidential report on Investment Performance so the committee and Board were aware of the ongoing work with the JIF;
- (3) instructed the Head of Finance to circulate to members the guidance issued from the Scheme Advisory Board in England relating to funds exposed to lobbying on armaments to raise awareness and understanding of the subject matter; and

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- (4) otherwise agreed to adopt the revised Statement of Investment Principles.

123. FIFE PENSION FUND - STATEMENT OF RESPONSIBLE INVESTMENT PRINCIPLES

The committee considered a report by the Head of Finance outlining the review and proposed changes to the Statement of Responsible Investment Principles (SRIP) attached at Appendix 1 and intended to complement the Statement of Investment Principles (SIP), a statutory document.

Decision

The committee agreed to accept the highlighted amendments to the Statement of Responsible Investment Principles (SRIP) and to update the SRIP as necessary.

124. FIFE PENSION FUND - BUSINESS PLAN UPDATE AND ADMINISTRATION ACTIVITY TO 30 JUNE 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 first quarter of 2024-25. The report was organised into three sections and provided updates on the development activities identified in the Business Plan and administration activity undertaken. 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) considered and noted the progress made on the key Business Plan activities;
- (2) noted the range of additional activities carried out by the team over the last quarter;
- (3) considered and noted the level of quarterly performance relative to the target and to the same quarter of the previous year;
- (4) acknowledged the revised presentation of KPI information detailed in Appendix 1 to the report;
- (5) requested the draft action plan arising from the introduction of the new Code in March 2024 be submitted to the next meeting of the committee on 13 December 2024; and
- (6) reminded members that if recordings of training events were viewed by them after the event had taken place, this would contribute to their mandatory training hours and to contact the Committee Officer to update their training records.

During consideration of the above item, Councillor Naz Anis-Miah left the meeting at 10.44 am and rejoined the meeting at 10.46 am, left the meeting at 10.50 am and rejoined the meeting at 11.06 am.

125. 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 and updated scores 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 brought forward on a quarterly basis.

126. 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 additional time to explore topics in depth.

Decision

The committee:-

- (1) noted the agenda planning document and the scheduled training dates;
- (2) agreed to include in the workplan a report providing an update on the General Code of Practice at the meeting on 13 December 2024;
- (3) noted a request from the Chair of the Board to consider amending the Board's Constitution from appointing one Admitted Body employer representative and one Scheduled Body employer representative to appointing both positions with either or both of the Employer Bodies; and
- (4) in relation to the Board's request to amend the Board's Constitution (detailed at (3) above), agreed that the Head of Finance would seek further advice on the possibility of amending the Board's Constitution which would be submitted as an emergency item at the next meeting of the Board on 30 September 2024 if appropriate.

The committee adjourned at 11.35am and reconvened at 11.45 am

The committee resolved, under Section 50A(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 disclosure of exempt information as defined in paragraph 6 of Part 1 of Schedule 7A of the Act.

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

The committee considered a report by the Head of Finance providing an overview of the Fund's investments at 30 June 2024. A verbal update of manager monitoring activity was provided at the meeting on 10 September 2024.

Decision

The committee noted:-

- (1) the Fund's strategic asset allocation and current allocations relative to target;
- (2) the value of the Fund's assets on 30 June 2024 after returning +0.5% over the quarter;
- (3) that the Fund's strategic policy group allocations were within the permitted allocation ranges; and
- (4) that longer term absolute returns were strong and relative returns were above the liability benchmark.

During consideration of the above item, Councillor Naz Anis-Miah left the meeting at 11.55 am and rejoined the meeting at 12.02 pm, left the meeting at 12.11 pm and rejoined the meeting at 12.17 pm.