

THE FIFE COUNCIL - PENSIONS COMMITTEE – BLENDED MEETING

Committee Room 2, Fife House, North Street, Glenrothes

28 June 2024

2.00 pm – 4.30 pm

PRESENT: **Committee** - Councillors Dave Dempsey (Convener), David Alexander, Jane Ann Liston, Sarah Neal, Nicola Patrick and Gordon Pryde.

Fife Pension Board – Councillors Tom Adams and Lynn Ballantyne-Wardlaw (Chair), Gail Dunn, Debbie Fyfe (substituting for Colin Paterson), Robert Graham and Vicki Wyse.

ATTENDING: Eileen Rowand, Executive Director, Finance and Corporate Services, Elaine Muir, Head of Finance, Laura Robertson, Finance Operations Manager, John Mackie, Team Manager - Transactions Team, Pensions and Anne Bence, Accountant, Finance and Corporate Services; Pamela Redpath, Service Manager - Audit and Risk Management Services, Shona Slayford, Audit Team Manager, Audit and Risk Management Services; Andy Milne, Service Manager – BTS Technical Hosting Core and Alan Duncan, Security and Compliance Specialist, BTS Service; Lindsay Thomson, Head of Legal and Democratic Services, Helena Couperwhite, Manager - Committee Services and Wendy MacGregor, Committee Officer, Legal and Democratic Services.

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

APOLOGIES FOR ABSENCE: **Committee** - Councillors Naz Anis-Miah, James Calder and Colin Davidson.

Fife Pension Board - Ross Hugh, Thomas Templeman and Colin Paterson.

105. DECLARATIONS OF INTEREST

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

Decision

106. MINUTES

The committee considered:-

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

Decision

The committee agreed to approve the minute.

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- (b) the minute of the Pre-meeting of the Fife Pension Board of 27 March 2024

Councillor Lynn Ballantyne-Wardlaw, Chair of Fife Pension Board and Councillor Dave Dempsey, Convener of the Pensions Committee acknowledged the departure of Board member Gail Dunn following the conclusion of the committee meeting. Gail was thanked for her contribution and commitment during her time in post and wished well in the future.

Decision

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

- (c) Minute of the post-meeting of Fife Pension Board of 28 March 2024

Decision

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

107. UPDATE ON 2023/24 FIFE PENSION FUND INTERNAL AUDIT PLAN AND 2023/24 ISSUED AUDIT REPORTS

The committee considered a report by the Service Manager, Audit and Risk Management Services providing an update on progress towards delivering the 2023/24 Fife Pension Fund Internal Audit Plan and summary of findings from the Internal Audit Reports finalised since the last meeting of the Pensions Committee.

Decision

The committee noted the contents of the report, including the update on progress towards delivering the 2023/24 Internal Audit Plan detailed at Appendix A and summary of findings at Appendix B to the report.

108. 2023/24 INTERNAL AUDIT ANNUAL REPORT

The committee considered a report by the Service Manager, Audit and Risk Management Services presenting the 2023/24 Annual Internal Audit Report. The report provided an independent annual internal audit opinion on the overall adequacy and effectiveness of the organisation's governance, risk management and control framework and summarised the key activities of Audit Services during the period from which the opinion was derived.

Decision

The committee noted the contents of the report.

109. PENSION FUND - ANNUAL GOVERNANCE STATEMENT 2023-24

The committee considered a report by the Chief Executive seeking approval of the Pension Fund Annual Governance Statement for inclusion in the Pension Fund Annual Report and the annual accounts. The report provided background detail for members on the processes adopted for preparing the Pension Fund Annual Governance Statement.

Decision

The committee:-

- (a) noted the contents of the report: and
- (b) agreed to approve the draft Pension Fund Governance Statement attached as an Appendix to the report.

110. FIFE PENSION FUND - UNAUDITED ANNUAL REPORT AND ACCOUNTS

The committee considered a report by the Executive Director, Finance and Corporate Services presenting the unaudited Annual Report and Accounts for Fife Pension Fund for the financial year 2023-24.

Decision

The committee considered and agreed to approve the unaudited Fife Pension Fund unaudited Annual Report and accounts for the financial year 2023-24.

111. PENSION FUND PROVISIONAL OUTTURN 2023-24

The committee considered a report by the Head of Finance providing details of the provisional outturn of the Fife Pension Fund for the period 2023-24.

Decision

The committee noted:-

- (a) the provisional outturn for 2023-24; and
- (b) that further reports in relation to the financial position of the Fund would be brought forward on a bi-annual basis.

112. FIFE PENSION FUND - BUSINESS PLAN UPDATE TO 31 MARCH 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 fourth quarter of 2023-24. The report was organised into three sections, providing an update on the development activities identified in the Business Plan followed by the 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:-

- (a) noted the key Business Plan activities;
- (b) noted the range of additional activities carried out by the team over the last quarter;
- (c) noted the level of quarterly performance relative to the target and to the same quarter of the previous year; and

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- (d) agreed the Head of Finance would escalate to senior management, the issue of delayed data from the largest employer (Fife Council), as there was increasing risk that statutory deadlines would not be met for members of the Fund.

The committee adjourned at 3.30 pm and reconvened at 3.40 pm.

113. FIFE PENSION FUND - WHISTLEBLOWING REPORTING BREACHES OF THE LAW AND INTERNAL DISPUTE RESOLUTION PROCEDURE

The committee considered a report by the Head of Finance providing updated policy documents in respect of the Whistleblowing – Reporting Breaches of the Law Policy and Internal Dispute Resolution Procedures. The documents were intended to replace the previous policies agreed by the committee.

Decision

The committee agreed to approve the revised policies on Whistleblowing - Reporting Breaches of Law and Internal Dispute Resolution Procedures.

114. 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.

115. FIFE PENSION FUND TRAINING AND DEVELOPMENT

The committee considered a report by the Head of Finance reviewing performance and progress in respect of implementation of the training policy for members of the Pensions Committee and Fife Pension Board and highlighting the requirement for all members of the Pension Committee and Board to undertake the Pension Regulator online learning toolkit.

Decision

The committee:-

- (a) noted that a varied training programme had been provided over the last financial year on a range of topics;
- (b) noted the requirement for members of committee and board to meet the minimum level of 14 hours training;
- (c) agreed to undertake the required level of training and provide details that this had been carried out, including the Pension Regulators toolkit;

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- (d) noted that work had progressed to support members to achieve their training requirements. Compliance would continue to be kept under review and reported on a regular basis; and
- (e) noted concerns that the last two meetings of the committee were only just quorate and agreed that members' attendance at committee was vital to ensure the meeting, which included attendance from external partners, could go ahead.

116. 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 had been reviewed and updated scores provided to reflect the internal controls in place.

Decision

The committee noted:-

- (a) the contents of the report;
- (b) that the risks were reviewed on a regular basis and reports would be brought forward on a quarterly basis; and
- (c) consideration would be given to the presentation of the information contained within the report and how this could be improved for members' use.

117. NATIONAL FRAUD INITIATIVE

The committee considered a report by the Service Manager, Audit and Risk Management Services advising on progress to date on the mandatory, biennial 2022/23 National Fraud Initiative (NFI) exercise from a pensions perspective, including the voluntary Pensions Mortality Screening exercises.

Decision

The committee noted the contents of this report and the progress made to date.

118. 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:-

- (a) the agenda planning document;
- (b) the scheduled training dates; and

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- (c) that members would be advised of dates for training events on deep dives, including partner funds, once available. The training events were likely to be held in-person.

119. FIFE PENSION FUND - INVESTMENT SUMMARY

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

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

Decision

The committee noted:-

- (a) the Fund's strategic asset allocation and current allocations relative to target;
- (b) the value of the Fund's assets on 31 March 2024 after returning +3.3% over the quarter;
- (c) that the Fund's strategic policy group allocations were within the permitted allocation ranges; and
- (d) that longer term absolute returns were strong and relative returns were above the liability benchmark.