

THE FIFE COUNCIL - SUPERANNUATION FUND AND PENSIONS COMMITTEE AND FIFE PENSION BOARD – REMOTE MEETING

29th March, 2022

10.00 a.m. -1.00 p.m.

PRESENT: Committee - Councillors Dave Dempsey (Convener), David Barratt, Altany Craik, Colin Davidson, Mino Manekshaw, Alistair Suttie and Jonny Tepp.

Fife Pension Board – Councillors Dave Coleman and Ian Ferguson, Robert Graham, Ross Hugh, Colin Paterson, Gordon Pryde and John Wincott.

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

ALSO ATTENDING: 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.

APOLOGIES FOR ABSENCE: Committee - Councillor Fiona Grant.

Fife Pension Board - Vicki Wyse.

177. DECLARATIONS OF INTEREST

No declarations of interest were made in terms of Standing Order no 7.1.

178. MINUTES

The Committee considered:-

- (a) the minute of the meeting of the Superannuation Fund and Pensions Committee of 7th December, 2021.

Decision

The Committee agreed to approve the minute.

- (b) the Fife Pension Board minute of 7th December, 2021.

Decision

Decision

The Committee noted:-

- (1) the minute of the Fife Pension Board; and
- (2) the updates provided on areas in the minute.

179. PENSIONS ADMINISTRATION PERFORMANCE MONITORING REPORT

The Committee considered a report by the Head of Finance providing members with monitoring information on the performance of the Pensions Administration Team and updating on other activities undertaken by the Team. The KPI review and a proposal for improvement was also outlined in the report.

Decision

The Committee:-

- (1) considered and noted the level of annual performance relative to the target and to the previous year;
- (2) noted the proposed improvements to the reporting of KPI information which would be brought forward in the coming year; and
- (3) noted that the concerns raised (minute reference 2021 SF 83 para 170.(3)) in relation to the unsatisfactory performance of the AVC provider Prudential, had been resolved, including delayed payments affecting 19 Fife Council members.

180. AUDIT SCOTLAND - ANNUAL AUDIT PLAN FIFE PENSION FUND 2021/22

The Committee considered a report by the Head of Finance providing members with details of Audit Scotland's annual audit plan for Fife Pension Fund for the financial year 2021/22, setting out the risks highlighted, planned work, audit scope and timing.

Decision

The Committee noted the content of the Audit Scotland Annual Audit Plan 2021/22.

181. POST AUDIT REVIEW REPORT

The Committee considered a report by the Service Manager, Audit and Risk Management Services detailing internal audit reports issued since 27th February, 2020. Actions were complete for all reports issued prior to that period.

Decision/

Decision

The Committee noted:-

- (1) the contents of the report and the progress made towards implementing recommendations; and
- (2) that the recommendations due to be implemented by 31st March, 2022 would be completed by the deadline.

182. UPDATE ON 2021/22 AUDIT PLAN

The Committee considered a report by the Service Manager, Audit and Risk Management Services updating members on progress towards delivering the 2021/22 Audit Plan.

Decision

The Committee noted the contents of the report.

183. COST TRANSPARENCY (PUBLIC REPORT)

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 Annual Report and Accounts and participation in Cost Transparency Initiative (CTI). The report also included details of the Fund's results from the annual CEM Benchmarking.

Decision

The Committee acknowledged the contents of the report.

184. RISK MANAGEMENT REVIEW

The Committee considered a report by the Head of Finance providing an updated 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:-

- (1) reviewed and considered the contents of the report;
- (2) noted that the risks would be reviewed on a regular basis and that reports would be submitted to the relevant Committee on a quarterly basis;
- (3) noted concerns raised by members in relation to the risk of cyber attacks and cyber security for the Fife Pension Fund and received reassurance from the Head of Finance that Fife Pension Fund systems were classed as Business Critical and expert advice would continue to be taken to ensure that the risk on the Fife Pension Fund systems was minimal;
- (4)/

2022 SF 89

- (4) agreed that the Service Manager, Audit and Risk Management Services, would focus on the risks associated with the Fife Pension Fund systems through the internal audit process and that a future report would be submitted to the Committee detailing action taken to reduce cyber security risks, to include the risk classification and whether it would remain in the medium risk classification; and
- (5) agreed to delegate to the Head of Finance to arrange a training session for members of the Committee on the topic of Cyber Security for the Fife Pension Fund, to allow for further discussion on the subject.

185. PENSIONS FUND COMMITTEE WORKPLAN

The Committee considered a report by the Head of Finance, providing members with an overview of the proposed agendas for future meetings of the Superannuation and Pension Fund Committee and the annual cycle.

Decision

The Committee:-

- (1) noted the contents of the report; and
- (2) agreed that, due to the number of items scheduled for submission to the next meeting of the Committee on 30th June, 2022, an additional meeting of the Committee would be required and the scheduled reports divided between both meetings.

The Committee convened at 11.50 a.m.

The Committee reconvened at 12.00 noon.

186. COST TRANSPARENCY (PRIVATE REPORT)

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 items of business on the grounds that they 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 private report by the Head of Finance to complement the public report on the agenda (item 8), providing a detailed analysis of the Pension Fund Management Costs by providing a breakdown per manager.

Decision

The Committee:-

- (1) acknowledged the contents of the report; and
- (2) noted the actions implemented in respect of fees.

187. SUPERANNUATION FUND - INVESTMENT UPDATE

The Committee considered a report by the Head of Finance providing members with an overview of the Fund's investments at 31st December, 2021. A verbal update of manager monitoring activity and investment strategy would be provided at the meeting by the Head of Finance.

Decision

The Committee:-

- (1) noted the Fund's strategic asset allocation and current allocations relative to target;
- (2) noted the value of the Fund's assets on 31st December, 2021 after returning +2.9% over the quarter;
- (3) noted that the Fund was making steady progress towards its revised target allocations, agreed in June 2021;
- (4) noted that longer term absolute returns were strong and relative returns were above both the asset and liability benchmarks; and
- (5) agreed to delegate to the relevant Fife Council Officers to organise a workshop in early Autumn, 2022 for the benefit of the newly elected Committee members, following the Local Government Elections in May, 2022, on exploring mechanisms for investment across relevant projects in Fife, to discuss the infrastructure of the Fife Pension Fund and whether there was a requirement to appoint a Fund Manager to implement the recommendations of the Committee.

CONVENER'S VALEDICTORY COMMENTS

As this was the last meeting of the Committee prior to the Local Government Elections in May 2022, the Convener reflected on its achievements, highlighting areas of work considered by the Committee and expressing his appreciation of: the contributions of all members and officers in supporting the work of the Committee, wishing them well in their future endeavours.
