

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

7th December, 2021

10.00 a.m. -13.05 p.m.

PRESENT: Committee - Councillors Dave Dempsey (Convener), David Barratt, Altany Craik, Fiona Grant, Mino Manekshaw and Alistair Suttie.

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

ATTENDING: Eileen Rowand, Executive Director – Finance and Corporate Services, Elaine Muir, Head of Finance, Pamela Redpath, Service Manager, Audit and Risk Management Services, Laura C Robertson, Finance Operations Manager, Anne Bence, Accountant, John Mackie, Pension Administration Team Manager, Fiona Clark, Pensions Specialist, Revenue and Commercial Services, Helena Couperwhite, Manager - Committee Services, and Wendy MacGregor, Committee Officer, Legal and Democratic Services, Finance and Corporate Services.

ALSO ATTENDING: Robert Bilton, Fund Actuary, Hymans Robertson; Brian Howarth, Audit Director, and Tim Bridle, Audit Manager, Audit Scotland; Bruce Miller, Chief Investments Officer, Lothian Pension Fund and Clare Scott, Independent Professional Observer.

APOLOGY FOR ABSENCE: Fife Pension Board - Vicki Wyse.

166. DECLARATIONS OF INTEREST

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

167. MINUTE

The Committee considered:-

- (a) the minute of the meeting of the Superannuation Fund and Pensions Committee of 28th September, 2021.

Decision

The Committee

- (1) agreed to approve the minute; and
- (2) noted, in relation to para 161 (2) of the minute, that the Head of Finance would review the requirement to report any significant risks to the Committee on a regular basis rather than in an annual report.

(b)/

- (b) the note of meeting of the Fife Pension Board of 28th September, 2021.

Decision

The Committee noted:-

- (1) the comments arising from the meeting on 28th September, 2021; and
- (2) the updates provided by the Head of Finance on areas within the Fife Pension Board comments.

168. FIFE PENSION FUND ANNUAL AUDIT REPORT AND AUDITED ACCOUNTS

The Committee considered a report by the Head of Finance containing the Audited Accounts for Fife Pension Fund for 2020-21 and the Annual Audit Report. A brief response to the External Auditor's report to Fife Council and the Controller of Audit was included in the report.

Decision

The Committee:-

- (1) approved the Audited Accounts for signature;
- (2) noted the positive report by Audit Scotland, the Council's External Auditors and the management response; and
- (3) acknowledged thanks and appreciation from the Head of Finance to Fife Council Staff for their contribution in the preparation of the Annual Accounts during a challenging year, in particular the Pensions Investment and Pensions Administration Teams, also the staff from Audit Scotland for their contribution to the process.

169. PENSION FUND BUDGETARY CONTROL

The Committee considered a report by the Executive Director, Finance and Corporate Services detailing the projected outturn of the Pension Fund for 2021-22.

Decision

The Committee:-

- (1) noted the projected outturn for 2021-22; and
- (2) noted that further reports in relation to the financial position of the Fund would be submitted to the relevant Committee on a bi-annual basis.

170. PENSIONS ADMINISTRATION MONITORING REPORT

The Committee considered a report by the Executive Director - Finance and Corporate Services, providing monitoring information on the performance of the Pensions Team.

Decision/

Decision

The Committee:-

- (1) considered and acknowledged the level of annual performance relative to the target and to the previous year;
- (2) noted concerns raised in relation to missing and inactive links on the website www.fifepensionfund.org; and
- (3) agreed that the performance from the in-house AVC provider Prudential was unsatisfactory, following the introduction of a new system which caused an unforeseen impact on their ability to invest and return payments, delaying payments to 19 Fife Council retiring members. Frequent updates on the matter would be provided to the Committee and Fife Pension Board from the Head of Finance, on the situation when available.

The Committee adjourned at 11.40 a.m.

The Committee reconvened at 11.45 a.m.

171. UPDATE ON 2021/22 AUDIT PLAN AND SUMMARY OF AUDIT REPORTS ISSUED

The Committee considered a report by the Service Manager, Audit and Risk Management Services providing an update on the 2021/22 audit plan and a summary of each audit report issued.

Decision

The Committee noted the contents of the report.

172. POST AUDIT REVIEW

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

Decision

The Committee:-

- (1) noted the contents of the report; and
- (2) acknowledged the progress that had been made in implementing recommendations.

173. NATIONAL FRAUD INITIATIVE 2020/21 PROGRESS

The Committee considered a report by the Service Manager, Audit and Risk Management Services advising of the required process for the 2020/21 National Fraud Initiative Exercise.

Decision/

Decision

The Committee

- (1) noted the contents of the report; and
- (2) acknowledged the progress made to date and the outcome of the June 2021 Pensions to DWP Deceased exercise.

174. PENSION FUND COMMITTEE WORKPLAN

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

Decision

The Committee noted the content of the report.

175. SUPERANNUATION FUND - INVESTMENT UPDATE (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 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 as at 30th September, 2021. A verbal update on manager monitoring activity and of investment strategy was also provided.

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 30th September, 2021 after a return of +1.1% over the quarter;
- (3) that the Fund was making steady progress towards its revised target allocations as agreed in June 2021, and
- (4) that longer term absolute returns were strong and relative returns were above both the asset and liability benchmarks.

176. CONTRIBUTION STABILISATION MECHANISM (PRIVATE REPORT)

The Committee considered a report by the Head of Finance detailing the approach taken in relation to the contribution stability mechanism. The Committee were invited to discuss the relevant issues to consider when assessing whether the mechanism could be extended to a participating employer in the Fund.

Decision/

Decision

The Committee:-

- (1) considered and noted the contents of the report;
- (2) noted that, to date, there had been successful application of phasing of increases in contribution rates for purposes of affordability and stability; and
- (3) agreed that the Stabilisation Mechanism would be reviewed during the 2023 valuation process in line with the recommendation submitted by the Actuary.

Councillor Fiona Grant left the meeting during consideration of the above item.
