

**THE FIFE COUNCIL - PENSIONS COMMITTEE – BLENDED MEETING**

**Committee Room 2, Fife House, North Street, Glenrothes.**

**28 September 2023**

**2.00 pm – 4.45 pm**

**PRESENT:** Committee - Councillors David Dempsey (Convener), David Alexander, Colin Davidson, Jane Ann Liston, Lynn Mowatt, Sarah Neal, Nicola Patrick, Gordon Pryde and Jonny Tepp.

Fife Pension Board - Cllr Lynn Ballantyne-Wardlaw, Gail Dunn, Robert Graham, Ross Hugh and Colin Paterson.

**ATTENDING:** Eileen Rowand, Executive Director Finance and Corporate Services, Elaine Muir, Head of Finance, Laura Robertson, Finance Operations Manager, Pamela Redpath, Service Manager - Audit and Risk Management Services, Anne Bence, Accountant, John Mackie, Team Manager - Transactions Team, Helena Couperwhite, Manager - Committee Services, and Wendy MacGregor, Committee Officer, Legal and Democratic Services.

**ALSO ATTENDING:** Nick Bennett and Karen Jones, Azets, Bruce Miller and Albert Chen, Lothian Pension Fund, Catherine McFadyen, Hymans Robertson LLP, and Clare Scott, Independent Professional Observer.

**APOLOGIES FOR ABSENCE:** Fife Pension Board – Councillor Tom Adams and Ian Dawson.

**68. DECLARATIONS OF INTEREST**

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

**69. MINUTES**

The committee considered:-

- (a) the minute of the meeting of the Pensions Committee on 23 June 2023;

**Decision**

The committee agreed to approve the minute.

- (b) the minute of the meeting of Fife Pension Board of 23 June 2023; and

**Decision**

The committee noted the contents of the minute.

- (c) The minute of the meeting of the Pensions Committee on 30 June 2023.

**Decision**

The Committee agreed to approve the minute.

**70. CHANGE OF COMMITTEE MEMBERSHIP**

The committee welcomed Councillor Jane Ann Liston who had been appointed as a member of the committee, replacing Councillor Sean Dillon and showed appreciation to Councillor Dillon for his time as a member of the Pensions committee.

**71. FIFE PENSION FUND - FINAL OUTTURN 2022-2023**

The committee considered a report by the Head of Finance providing details of the final outturn position of the Fife Pension Fund for 2022-23.

**Decision**

The committee noted the final outturn for 2022-23.

**72. FIFE PENSION FUND ANNUAL AUDIT REPORT AND AUDITED ACCOUNTS**

The Committee considered a report by the Head of Finance providing the Audited Accounts for Fife Pension Fund for 2022-23 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) agreed to approve the Audited Accounts for signature and noted the positive report by Azets, the Council's and Fund's External Auditors, and the management responses; and
- (2) extended thanks and appreciation to the Pensions and Investment Teams in the Finance Service, including other participants involved in the success of compiling the audited Accounts for timely submission to the committee.

**73. FIFE PENSION FUND - BUSINESS PLAN UPDATE TO 30 JUNE 2023**

The committee considered a report by the Head of Finance, providing an update on the activities undertaken by the wider pension team for the first quarter of 2023-24. The report was organised into 3 sections and provided an update on the development activities identified in the Business Plan, followed by an update on administration activity undertaken on a routine basis. 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) noted the progress made on the key development activities identified in the Business Plan 2023-24;
- (2) noted the range of activities carried out by the team over the last quarter; and
- (3) considered the level of quarterly performance relative to the target and to the same quarter of the previous year.

*Councillor Colin Davidson left the meeting at 3.10 pm*

**74. 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, updated scores were 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 submitted to the committee on a quarterly basis.

**75. FRAUD AND IRREGULARITY - AUDIT SCOTLAND'S ANNUAL REPORT 2022/23**

The committee considered a report by the Audit and Risk Management Services Manager summarising the Fraud and Irregularity - Audit Scotland's Annual Report 2022/23, national report that had been compiled by Audit Scotland for public bodies and auditors.

**Decision**

The committee noted the contents of Audit Scotland's 2022/23 Annual Report on Fraud and Irregularity attached as Appendix A to the report.

**76. PENSION 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 agenda planning document.

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*The committee adjourned at 3.35 pm and reconvened at 3.45 pm.*

### **77. FIFE PENSION FUND INVESTMENT UPDATE**

The committee considered a report by the Head of Finance providing an overview of the Fund's investments at 30 June 2023. A verbal update of manager monitoring activity and of investment strategy was 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 30 June 2023 after returning -1.1% over the quarter;
- (3) that the Fund's strategic policy group allocations were within the permitted allocation ranges;
- (4) that longer term absolute returns were strong and relative returns were above the liability benchmark.

### **78. FIFE PENSION FUND ACTUARIAL VALUATION 31 MARCH 2023**

The committee considered a report by the Head of Finance outlining progress in relation to the triennial actuarial valuation and included results from the current stage.

#### **Decision**

The committee noted:-

- (1) the whole fund results of the valuation process; and
- (2) that the Fund Actuary would proceed with individual employer valuation results for discussion with Officers and employers.

### **79. FIFE PENSION FUND ACTUARIAL VALUATION 31 MARCH 2023 - CONTRIBUTION STABILITY MECHANISM**

The committee considered a report by the Head of Finance detailing a review of the Fife Pension Fund Contribution Stability Mechanism. The review was carried out in conjunction with the Fund's actuary, Hymans Robertson and examined a set of criteria, including potential employers who may be considered as eligible to participate in the mechanism.

**Decision**

The committee:-

- (1) noted the report and assessment of employers that could be offered participation in the Contribution Stability Mechanism;
- (2) agreed that the employers would be offered admission to the Contribution Stability Mechanism on a one time only basis, admission would be at the employer's discretion and ensured there would be no detriment to employers other than Fife Council;
- (3) agreed that this would be managed and communicated to employers as part of the wider valuation and funding strategy statement process; and
- (4) noted that any subsequent changes in criteria would be reflected in the Funding Strategy Statement which would be submitted to a future meeting of the Pensions committee for approval.