

Fife Pension Fund – Business Plan 2024-25

Introduction

Welcome to the Business Plan prepared for Fife Pension Fund (The Fund), which is managed and administered by Fife Council. The Business Plan covers the period 2024-25 and will be formally reviewed and agreed on an annual basis.

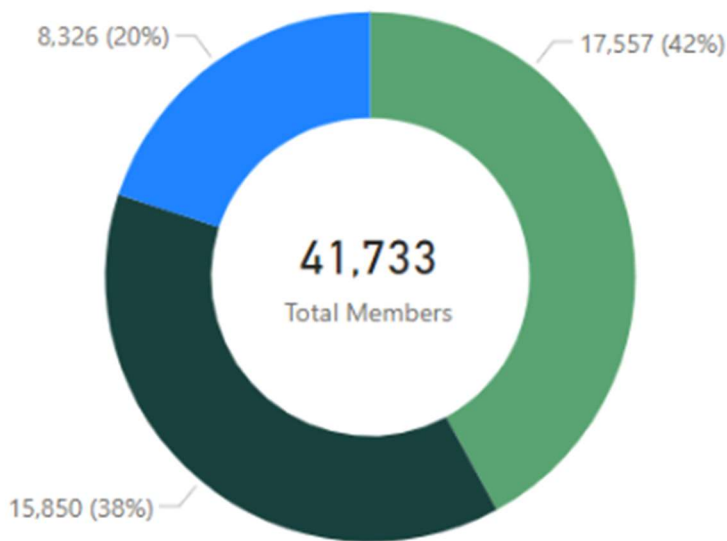
Producing this Business Plan is good practice and a way of communicating the day-to-day business of the Fund as well as setting out the proposed improvements and longer-term areas of work.

The Business Plan sets out the business of the Fund and throughout the year quarterly performance reporting will provide an update on team performance and progress and budget monitoring will link to the plan. Finally, progress on the key deliverables will be included in the Annual Report and Accounts will provide a summary of activities completed in the year and again build on the business plan.

Fife Pension Fund

Fife Pension Fund is a £3.6bn Local Government Pension Scheme (LGPS), which provides death and retirement benefits for local government employees in Fife and employees of other scheduled and admitted bodies who are employers in the Fund.

Total fund membership, at 31 December 2023 was approximately **41,500** with around **17,500** active members from **20** scheme employers and around **24,000** retired, survivor and other members.



Objectives

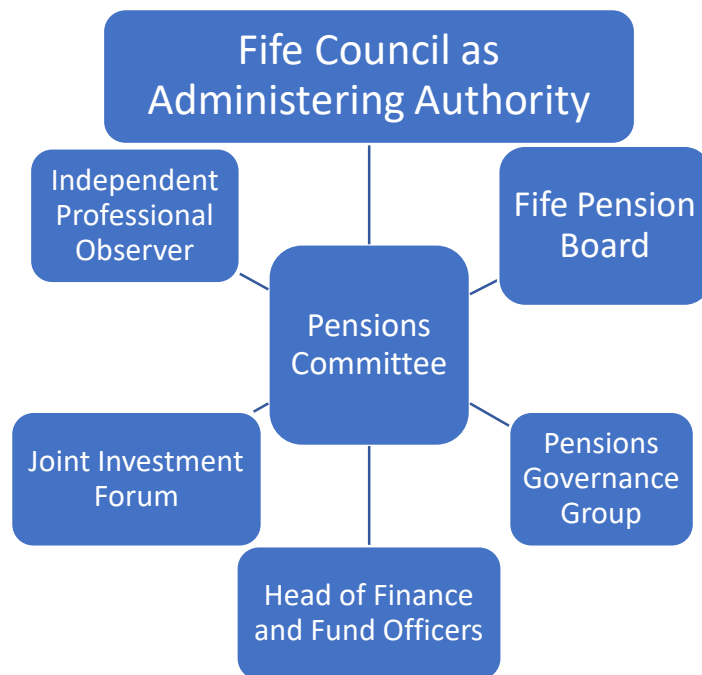
The **primary objective** of The Fund is to ensure that there are sufficient funds available to meet all pensions and lump sum liabilities as they fall due.

Overall, the **Fund's objectives** are to generate sufficient long terms returns to pay promised pensions and to make the scheme affordable to employers now and in the future, while minimising the risk of having to increase contribution rates in the future. Key strategies and policy documents which guide the management of the Fund are listed in Appendix 1 and can be found on the website, [Resources | Fife Pension Fund](#)

Governance and Compliance

Fife Council has statutory responsibility for the administration of the Local Government Pension Scheme (LGPS) in Fife. The main functions of the Administering Authority are the management and investment of the assets of the Fund and the administration of scheme benefits.

How Fife Council carries out these functions is illustrated below:



The Pensions Committee’s principal aim is to carry out the functions of Fife Council as the Scheme Manager and Administering Authority for the Fife Pension Fund in accordance with the LGPS regulations and any other relevant legislation.

The Committee delegates several functions to the Head of Finance and Fund Officers.

In its role as the Administering Authority, Fife Council owes fiduciary duties to the employers and members of the Fife Pension Fund and must not compromise this with its own interests. Consequently, this fiduciary duty is a delegated responsibility of the Pensions Committee, and its members must not compromise this with their own individual interests.

In addition to the Pensions Committee, Fife Pension Board is in place to assist in:

- securing compliance with the LGPS regulations and any other legislation relating to the governance and administration of the Scheme and by the Pensions Regulator; and
- ensuring the effective and efficient governance and administration of the Fife Pension Fund.

The Committee and the Board are supported by an Independent Professional Observer (IPO) who was appointed to assist both groups in discharging their responsibility to the Pension Fund.

The Pensions Governance Group (PGG) is an officers’ group chaired by the Head of Finance and is responsible for, amongst other things, ensuring the roles and responsibilities are allocated and documented in line with the Pensions Regulator General Code of Practice.

Fife Pension Fund works in collaboration with City of Edinburgh council for the provision of investment advice from its arms-length organisation LPFI limited. Officers from Fife Pension Fund participate in the Joint Investment Forum (JIF), which is a forum of

independent advisers, advisers from LPFI Limited and Fund officers. The JIF meets on a quarterly basis.

Governance

In respect of Governance arrangements for the Fund, the following activities are undertaken:

- Setting the agenda, reporting and presenting to the Pensions Committee and Fife Pension Board
- Managing risks and internal controls
- Maintaining complete and accurate records to ensure benefits are paid correctly
- Implementing and monitoring the achievement of other areas of governance such as the Training Policy, Risk Management Policy, Breaches Policy and The Pension Regulator's new General Code of Practice and managing conflicts of interest
- Procurement of and payment for advisers and other services
- Assisting internal and external audit in their role
- Replying to Freedom of Information requests in adherence with statutory time limits
- Review of Control Reports
- Publishing scheme information
- Reporting breaches of the law
- Cash Flow monitoring

Funding

There are a number of activities undertaken in respect of funding. These are as follows:

- Agreeing the funding strategy with the actuary and consulting with employers and monitoring continued appropriateness annually
- Assisting the actuary with the Actuarial Valuation by providing membership data and presenting results and explanations to employers of future employer contributions and deficit payments
- Arranging actuarial data required by the Government Actuary Department ("GAD")

Investment and Risk

The investment objectives of the Fund are to achieve a return on fund assets which is sufficient over the long term to meet the funding objectives.

The Investment Strategy is fundamentally reviewed every 3 years and sets out the strategic allocation to various types of investments.

The implementation of the strategy is carried out by the Head of Finance. The Head of Finance operates within the parameters agreed by the Committee.

Member Experience and Engagement

The Pensions Administration team provides a service to employers, scheme members and their beneficiaries as well as processing monthly pensioner payroll.

Providing a service to members includes a variety of activities, examples are as follows:

- Providing ongoing information to scheme members and their beneficiaries as they join, leave or change their status in the Fund, within statutory timescales
- Calculating and notifying entitlement to retirement, leaving and death benefits
- Processing transfers into and out of the Fund
- Providing quotations of retirement benefits including any additional costs to employers
- Providing information on how scheme members can increase their pension benefits
- Providing information to solicitors in respect of divorce proceedings
- Maintaining accurate scheme member records
- Maintaining the Fund's Internal Dispute Resolution Procedure
- Maintaining and updating the pensions software system
- Providing guidance on changes in processes following legislation updates
- Providing information on progress against key performance indicators
- Extracting and forwarding data to the Fund actuary to track membership changes for employer mergers and TUPE transfers
- Paying pension benefits

The Fund engages and communicates with members and employers by

- Providing information to employers and members via newsletters
- Maintaining the Fund's website
- Providing new employers with information about their Fund responsibilities
- Providing ongoing training and technical updates to employers
- Running an Annual Employers Forum

Indicative Budget 2024-25

The indicative budget for 2024-25 is detailed at Appendix 2 of the plan.

The budget has been set using previous years trends of expenditure which have been adjusted to reflect the revised employers' contribution rates, estimated levels of pay awards and estimated levels of pension increases.

Some items are traditionally difficult to predict with any certainty such as Transfers to and from other schemes, Investment Management Expenses and Net Returns on Investment.

Administrative Costs cover the costs of the Administration Team and the Investment Team. This is based on the current agreed staffing levels. Oversight and Governance costs include the costs of external advisers.

The budget is routinely monitored and reported to Committee on a biannual basis.

Workforce Planning

The Pensions functions is managed by the Head of Finance, who is supported by the Finance Operations Manager and two teams, the Pension Administration Team and Investment Team.

In recognition of the increasing governance requirements and the scale of some elements of the business plan, a review of resources at a senior level has determined that the current level of resource is not sustainable. In order to deliver all of the strategic elements of managing the fund to a high standard and within reasonable timescales, with a clear focus on the Fund, additional resource will be required.

It is important to ensure that these Teams are adequately resourced to deliver the Service and are prepared for the future.

To this end, improved workforce planning arrangements are being developed which will incorporate training and employee development needs, succession planning arrangements as well as promoting a positive culture, good leadership and support for employee wellbeing. Further work will be carried out on reviewing the structure of the team ensuring it is fit for purpose in the coming years. This will involve reviewing job profiles and introducing trainee roles.

Development Activities

Several areas of work will need to be advanced during 2024-25, which is outlined as follows:

- **Procurement**
Fife will be participating in a joint procurement arrangement with our partner funds for renewing our Custody and Performance measurement arrangements. Details of the expected timelines have yet to be agreed.
- **McCloud Judgement**
Work will continue during 2024 on the McCloud judgement. This will include updating of all in-scope pension records, correction of errors and calculations required to determine if members are impacted by the judgement. Updates to software will be carried out. Communications with members and employers' will also be issued. Dialogue and participation user groups with other funds and software suppliers is ongoing.
- **Pensions Dashboards**
Pensions Dashboards are digital services such as apps or websites, which savers will be able to use to see their pension information one place. A saver will use the dashboard to search records of all pension schemes to confirm whether or not they are a member. Dashboards aim to help members plan for their retirement.

A revised staging timeline means that all Schemes in scope will need to be connected by **31 October 2026**. The Pension Dashboard Programme (PDP) has confirmed the staging date for public service pension schemes is **30 September 2025**.

To achieve this deadline, preparation, cleansing of data and working with software suppliers will be advanced in the coming year.

A communication plan will be developed for updating members on this development.

- **Taskforce for Climate Related Financial Disclosures (TCFD)**
It is widely recognised that climate change presents a financial risk to the global economy. The TCFD was created to improve and increase reporting of climate-related financial information.

The Government consulted on their proposals for the Governance and Reporting of climate risks. The proposals apply to LGPS in England and Wales and followed the TCFD framework which would require Administering Authorities to consider and report on four key areas of governance, strategy, risk management and metrics and targets. The aim of the framework being to help the LGPS demonstrate how the consideration of climate risks and opportunities are integrated into the decision-making process.

Although, no commitment has been in Scotland to date, it is expected that given the increased focus on climate change, there will be similar requirements. To some extent this is recognised in the updated Statement of Responsible Investment Principles (SRIP) for the Fund. Working with our partners the SRIP will be kept under review as well as further research and agreement on the reporting and disclosure requirements. Training will be provided to gain an understanding of the requirements. .

- **tPR General Code of Practice**

The Pension Regulator General Code of Practice comes into effect from 27 March 2024. This code brings together 10 of the 15 codes of practice into one single code consisting of 51 modules across 5 sections. There are two additional areas of compliance added to the code, these being Cyber Controls and Scams. Work will be undertaken to carry out a gap analysis and assessment of Fife Pension Fund's compliance with the revised code and an action plan prepared to address any gaps. Consideration will be given to tools to carry out this gap analysis that are available. Regular updates on this work will be provided to committee as part of the quarterly reporting process.

- **KPI review**

Developments will continue in the collection and presentation of KPI data to both elected members and management. The use of Power BI tool is being tested which will improve the process and presentation of data. Customer Satisfaction surveys are also being considered. In order to determine the best method of survey dialogue is taking place with other funds on how they carry out satisfaction surveys and the results this has generated. Work is also ongoing with the Fife Council Business Management Innovation Unit (BMIU) analysing customer contact to determine the nature and volume to allow assessment of effectiveness of different means of contact. The BMIU are also investigating customer satisfaction tools that can be used on the website.

- **Continuous Improvement of Processes**

Some areas of improvement work are continuing and have been carried forward from 2023-24 as these have not yet been completed. These and other areas are noted below: Roll out of **Member Self-Serve (MSS) to all pensioner members**

- **Transfer-in** criteria to be reviewed and considered by Committee
- **Transfer- out** process to be reviewed to ensure meeting regulations
- Working with the BMIU to improve and enhance processes and maximising the use of digital technologies
- **Implementation** of revised Pension and HMRC regulations
- Review of **Mandatory/Voluntary Scheme Pays**
- Continued Review of **Governance Documentation**

Key Activities Planner

Detailed team workplans for carrying out activities associated with both Pensions Administration and Investment are prepared on an annual basis and contribute to the workplan of the Pensions Governance Group.

A high-level summary of these activities for the coming financial year is detailed as follows:

2024-25	Quarter 1 (Apr to June)	Quarter 2 (July to Sept)	Quarter 3 (Oct to Dec)	Quarter 4 (Jan – March)
Actuarial	IAS19/FRS102 reports for year end processes		Employer Forum	
Administration	Annual Pension Increase Year-end processing HMRC reporting and returns McCloud Judgement Pension Dashboard preparation Roll out of MSS to pensioner members. Transfer in process criteria Transfer out process improvements and training Annual promotion of MSS to non-registered members Analysis of mailbox and website	Issue Annual Benefit Statements Year End Processing HMRC reporting and returns McCloud Judgement Pension Dashboard preparation Roll out of MSS to pensioner members Transfer in process criteria Transfer out process improvements and training	Annual Allowance deadline incl implementation of revised regulations HMRC reporting and returns McCloud Judgement Pension Dashboard preparation Roll out of MSS to pensioner members Transfer out process improvements and training	HMRC reporting and returns McCloud Judgement Pension Dashboard Preparation Roll out of MSS to pensioner members

	Review of Mandatory/Voluntary scheme pays	Analysis of mailbox and website Review of Mandatory/Voluntary scheme pays		
Audit	Update on Internal Annual Audit plan Internal Annual Audit Report	External Audit process and report		External Audit Plan
Governance	Quarterly Risk Review Annual Governance Statement Annual Report and Accounts Statement of Investment Principles Statement of Responsible Investment Principles tPR General Code of Practice gap analysis	Quarterly Risk Review Review of Administration Strategy Review of Governance Documentation tPR General Code of Practice Gap Analysis and action plan	Quarterly Risk Review Annual Review of Communications Policy tPR General Code of Practice Gap Analysis and action plan	Quarterly Risk Review Preparation of Indicative budget Preparation of Business Plan
Skills and Training	Committee and Board Training Prepare details of training attended	Update Training Plan Committee and Board training	Committee and Board training	Committee and Board training
Investment	Joint Investment Forum Qtrly Fund Managers meetings Transition Activity	Joint Investment Forum Qtrly Fund Managers meetings Transition Activity	Joint Investment Forum Qtrly Fund Managers meetings Transition Activity	Joint Investment Forum Qtrly Fund Managers meetings

	Private Markets investment activity	TCFD Research Private Markets Investment Activity CEM Benchmarking	TCFD Research Private Market Investment Activity CEM Benchmarking	Transition Activity TCFD Research Private Market Investment Activity
Pensions Committee Meetings	30 May 2024 28 June 2024	24 Sept 2024 30 Sept 2024	13 Dec 2024	31 March 2025

Here is the plan for 2025-26 which is less detailed at this stage.

2025-26	Quarter 1 (April to June)	Quarter 2 (July to Sept)	Quarter 3 (Oct to Dec)	Quarter 4 (Jan to Feb)
Actuarial	IAS19/FRS102 reports for year-end processes			
Administration	Annual Pension Increase HMRC reporting and returns Year End Processing Pension Dashboard Preparation	Issue Annual Benefit Statements HMRC Reporting and returns Year End Processing Pension Dashboards Preparation	HMRC reporting and returns Annual Allowance deadline	HMRC reporting and returns
Audit	Update on Internal Annual Audit plan Internal Annual Audit Report	External Audit process and report		
Governance	Quarterly Risk Review Annual Governance Statement	Quarterly Risk Review Annual Review of	Quarterly Risk Review Annual Review of	Quarterly Risk Review

	Annual Report and Accounts Statement of Investment Principles Statement of Responsible Investment Principles	Administration Strategy	Communications Policy	Preparation of Indicative budget Preparation of Business Plan
Skills and Training	Committee and Board training	Committee and Board training	Committee and Board training	Committee and Board training
Investment	Joint Investment Forum Qtrly Fund Managers meetings Transition Activity Private Markets investment activity	Joint Investment Forum Qtrly Fund Managers meetings Private Markets investment activity CEM Benchmarking	Joint Investment Forum Qtrly Fund Managers meetings Private Market investment activity CEM Benchmarking	Joint Investment Forum Qtrly Fund Managers meetings Private Market investment activity
Pensions Committee Meetings	20 June 2025 30 June 2025	TBC	TBC	TBC

Conclusions

This Business Plan is designed to set out the day-to-day business and development work being undertaken by the Fife Pension Fund.

The plan sets out the high-level activities and is supported by workplans used by the Teams and governance arrangements that are in place.

Key Governance Documentation



Fife Pension Fund Indicative Budget 2024-25

2023-24 Indicative Budget		Note	2024-25 Indicative Budget
£m			£m
	Dealings with members, employers and others directly involved in the fund		
(122.290)	Contributions Received		(123.410)
(2.810)	Additional Contributions from Employers		(2.010)
(2.660)	Transfers from Other Schemes		(2.160)
(127.760)			(127.580)
84.500	Pension Payments		93.050
20.340	Lump Sum Benefits		20.600
0.230	Refund of Contributions		0.250
0.010	State Premium Schemes		0.000
4.460	Transfers to Other Schemes		3.960
109.540			117.860
(18.220)	Net (additions)/withdrawals from dealings with members		(9.720)
1.850	Administrative Costs	1	2.160
0.670	Oversight and Governance Costs	1	0.600
	Investment Management Expenses:-		
8.650	Management Fees		12.020
0.880	Performance Related Fees		0.910
0.110	Custody Fees		0.170
4.340	Transaction Costs		2.100
(1.720)	Net (additions)/withdrawals including fund management expenses from dealing with members		8.240
	Returns on investments		
(26.090)	Investment Income		(48.000)
0.230	Taxes on income		0.260
(127.100)	Profit and losses on disposal of investments and changes in the market value of investments		(123.100)
(152.960)	Net return on investments		(170.840)
(154.680)	Net (increase)/decrease in the net assets available for benefits during the year		(162.600)
(3,250.255)	Estimated opening net assets of the scheme at 1 April 2024		(3,501.959)
(154.680)	Estimated net (increase)/decrease in the Fund		(162.600)
(3,404.935)	Estimated closing net assets of the scheme at 31 March 2025		(3,664.559)
	Note 1		
	These are deemed the controlable elements of this budget.		