

Fife Pension Fund – Business Plan 2025-26

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 2025-26 and will be formally reviewed and agreed on an annual basis.

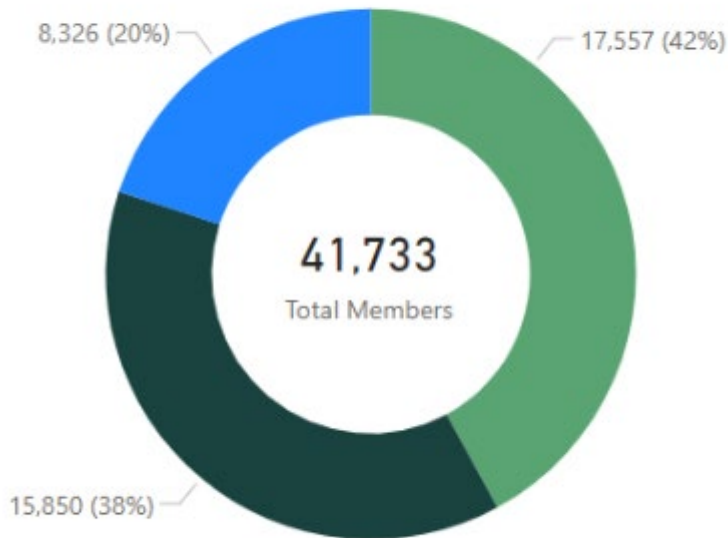
Producing this Business Plan is good practice and a way of communicating the day-to-day business of the Fund as well as setting out the proposed improvements and longer-term areas of work.

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 £3.8bn 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 is approximately **41,500** with around **17,500** active members from **17** 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.

The Pensions Committee is supported in this role by key stakeholders and this is illustrated below:

Pensions Committee

Fife Council as
Administering
Authority

Fife Pension
Board

Pensions
Governance
Group

Head of
Finance and
Fund Officers

Joint
Investment
Forum

Independent
Professional
Observer

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 and that governance issues are identified, discussed and actioned.

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 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 several 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 delegated to the Head of Finance. The Head of Finance operates within the parameters agreed by the Committee and a shared service agreement.

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

Workforce Planning

The Pensions functions are managed by the Head of Finance, who is now supported by a Pensions Service Manager and two teams, the Pension Administration Team and the Investment Team, a staffing structure is provided at Appendix 2.

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

A key priority for the coming year is to undertake a team structure review with a view to adequately resourcing the Fund taking into consideration increased requirements around governance, investment and business improvement. The review will focus on any gaps in resources and how these can be addressed. The review involves reviewing the role profiles of the team. The review has started, and Hymans Robertson have been engaged to assist officers explore the issues and options.

The review will also focus on identifying training and development needs, succession planning arrangements, as well as promoting a positive culture, good leadership and supporting employee development and wellbeing.

The review will focus on the medium-term, whereby, there will collation and identification of expected workload, including Business as Usual, possible central government initiatives and any known project work over the next 3 to 5 years. Doing this work will help inform the changes required to the team structure of the Fund.

At present the investment activities are provided by the Finance Operations Team, therefore there is no direct management line arrangements in place for this team. These team members also work on other areas within the Council such as Treasury Management and Capital Planning and Monitoring. This means there is no dedicated resources for Investment and accounting work.

All staff in the Pensions Administration team are dedicated resources to the Fund, although do undertake some employer related tasks on behalf of Fife Council.

The Pensions Service is also supported by other Services in the Council such as Audit and Risk Management, Legal and Democratic Services, Procurement and Business Technology Solutions.

The costs of the Finance Operations team and other support services are charged to the Fund through the Central Support Service Allocation process.

Development Activities

Several areas of work will need to be advanced during 2025-26, which are outlined as follows,

- **Team Structure Review**

As outlined in the Workforce planning section a key area of work is the team structure review.

The current level of resource is sufficient to manage the business-as-usual activities of a pension administration service. However, there is a significant amount of work associated with governance of the Fund, risk management arrangements, investment activity and responsible investment. To date this has been absorbed by existing team members and whilst this work is progressing, there is limited scope to develop further and ensure there is a more proactive approach.

In addition, there is a need to respond to and manage increasing expectations from legislation, stakeholders, employers, members, Committee and Board. This coupled with the need to drive forward business improvements and digital enhancements is creating pressure on the existing team.

There is a need to effectively resource systems development to ensure digital enhancements can be made for the benefits of members and streamlining processes.

To help establish the current “as is” position in respect of the administration service being provided, the Fund will participate in CEM administration benchmarking which will provide information of costs, and the current member experience compared to our peers.

- **Improvement Agenda**

Following on from this, there will be a focus on continuous improvement of processes and developing a digital strategy for the team.

Initial contact and discussions are ongoing with advisers such as Hymans Robertson to map out the various items the Fund should be considering over the next few years e.g. climate risk, valuation, training, cash flow modelling. This will be used to help inform future iterations of the business plans and training plans for the committee and board.

Alongside this the Fund will also be considering where there can be improvements and how we can maximise the use of technology, automation and digital technologies. It is intended that a digital strategy will be drafted once resources are in place to develop this.

- **LGPS Landscape**

The evolving situation within LGPS in England and Wales, in respect the Fit for the Future Consultation, which focuses on pooling arrangements, local investment and implementation of the Good Governance review, will be kept under review, alongside potential developments within the Scottish LGPS.

This is a key element of the team structure review to ensure that there are resources in place to respond to any changes.

- **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 been presented, and it's expected the procurement process will take place over the early part of the year, concluding in July 2025.

A procurement exercise will also be required for the Independent Professional Observer which is due to take place over the summer months.

- **McCloud Judgement**

Work will continue during 2025 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 continue to 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 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 is being advanced during 2025.

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

- **Responsible Investment**

It is widely recognised that climate change presents a financial risk to the global economy. The Taskforce for Climate Related Finance Disclosure (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. Where appropriate training will be provided by the relevant advisers to the Committee and Board to gain an understanding of the requirements.

Any further development work is contingent on the team structure review being implemented.

- **tPR General Code of Practice**

The Pension Regulator General Code of Practice came into effect from 27 March 2024. This code brought 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. An action plan has been developed which will facilitate the move from non-compliance to partial or full compliance where appropriate. This will continue to be monitored quarterly.

- **Training and Knowledge Assessment**

To address some actions associated with the general code and outstanding audit points, work is required on the training policy for both the Committee and the Board. This will involve the introduction of knowledge assessments as the code requires that there is a level of understanding in place to help make informed decisions. Further work is required on introduction of a training manual and knowledge library.

Any further development work is contingent on the team structure review being implemented.

- **KPIs**

Developments will continue in the collection and presentation of KPI data to both elected members and management. The use of Power BI has been implemented, and the focus will now turn to updating and improving the way tasks are captured and organised in the system. It has been some time since tasks were set up in the Altair system and work done to date has highlighted that the set-up needs revised. Further work is also required in setting targets to reflect the task set up. To date the work has been carried out alongside business-as-usual work, therefore at times must be paused. Therefore, it is recognised that dedicated resources are required to take this work forward.

- **Continuous Improvement of Processes**

Some areas of improvement work are continuing and have been carried forward from 2023-24 as these are taking longer than envisaged. These and other areas are noted below:

- Implementation of Engage and a move away from Members Self-Serve platform.

- 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:

2025-26	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. Plan of activities		Employer Forum	Triennial Valuation
Administration	Annual Pension Increase Year-end processing HMRC reporting and returns. McCloud Judgement Pension Dashboard preparation Migration to Engage from MSS Transfer out process improvements and training. Annual promotion of MSS to non-registered members	Issue Annual Benefit Statements Year End Processing HMRC reporting and returns. McCloud Judgement Pension Dashboard preparation Migration to Engage from MSS Transfer out process	Annual Allowance deadline incl implementation of revised regulations HMRC reporting and returns. McCloud Judgement Pension Dashboard preparation Transfer out process improvements and training. Structure Review	HMRC reporting and returns. McCloud Judgement Pension Dashboard Preparation Structure Review

	Analysis of mailbox and website	improvements and training.		
	Review of Mandatory/Voluntary scheme pays.	Analysis of mailbox and website		
	Structure Review	Review of Mandatory/Voluntary scheme pays.		
	CEM Administration Benchmarking	Structure Review		
		CEM Administration Benchmarking		
Audit	Update on Internal Annual Audit plan	External Audit process and report		External Audit Plan
	Internal Annual Audit Report			
Governance	Quarterly Risk Review	Quarterly Risk Review	Quarterly Risk Review	Quarterly Risk Review
	Annual Governance Statement	Review of Administration Strategy	Annual Review of Communication s Policy	Preparation of Indicative budget
	Annual Report and Accounts	Review of Governance Documentation	tPR General Code of Practice Gap Analysis Review and actions	Preparation of Business Plan
	Statement of Investment Principles	tPR General Code of Practice Gap Analysis Actions		
	Statement of Responsible Investment Principles			
	tPR General Code of Practice Actions			
	Review of Risk Management Manual and arrangements			
	Review of Officer Powers			

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 Private Markets investment activity	Joint Investment Forum Qtrly Fund Managers meetings Transition Activity Private Markets Investment Activity CEM Benchmarking	Joint Investment Forum Qtrly Fund Managers meetings Transition Activity Responsible investment research Private Market Investment Activity CEM Benchmarking	Joint Investment Forum Qtrly Fund Managers meetings Transition Activity Responsible investment research Private Market Investment Activity
Pensions Committee Meetings	20 June 2025 30 June 2025	23 Sept 2025 30 Sept 2025	18 Dec 2025	24 March 2026

Here is the plan for 2026-27 which is less detailed at this stage.

2026-27	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. Triennial Valuation	Triennial Valuation	Triennial Valuation	Triennial Valuation
Administration	Annual Pension Increase HMRC reporting and returns. Year End Processing	Issue Annual Benefit Statements HMRC Reporting and returns.	HMRC reporting and returns. Annual Allowance deadline	HMRC reporting and returns.

	Pension Dashboard Preparation CEM Administration Benchmarking	Year End Processing Pension Dashboards Preparation CEM Administration Benchmarking		
Audit	Update on Internal Annual Audit plan Internal Annual Audit Report	External Audit process and report		
Governance	Quarterly Risk Review Annual Governance Statement Annual Report and Accounts Statement of Investment Principles Statement of Responsible Investment Principles	Quarterly Risk Review Annual Review of Administration Strategy	Quarterly Risk Review Annual Review of Communications Policy	Quarterly Risk Review 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 Investment Strategy	Joint Investment Forum Qtrly Fund Managers meetings Private Market investment activity CEM Benchmarking Investment Strategy	Joint Investment Forum Qtrly Fund Managers meetings Private Market investment activity Investment Strategy

Indicative Budget 2025-26

The indicative budget for 2025-26 is detailed at Appendix 3 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.

The budget reflects the current structure and operating model of the team and therefore is subject to change.

There are some movements in the budgets compared to last year:

- Net additions from dealing with members has reduced compared to last year because the expected benefits have increased to reflect updated actual cost of pension payments compared to the budget last year and the pension increase of 1.7%.
- Administration Costs – these have increased to reflect the revised staffing levels to include Pensions Service Manager, Support Assistants and estimated pay awards and increments. The Central Support costs are also increased to reflect estimated pay awards. Additional costs for licensing, implementation and software for both Pensions Dashboard and the migration to MSS Engage have also been included.
- Investment Income budget has been increased to reflect the actual income generated over the last few years as there has been an increased level of investments in Real Assets which resulted in increased distributions.

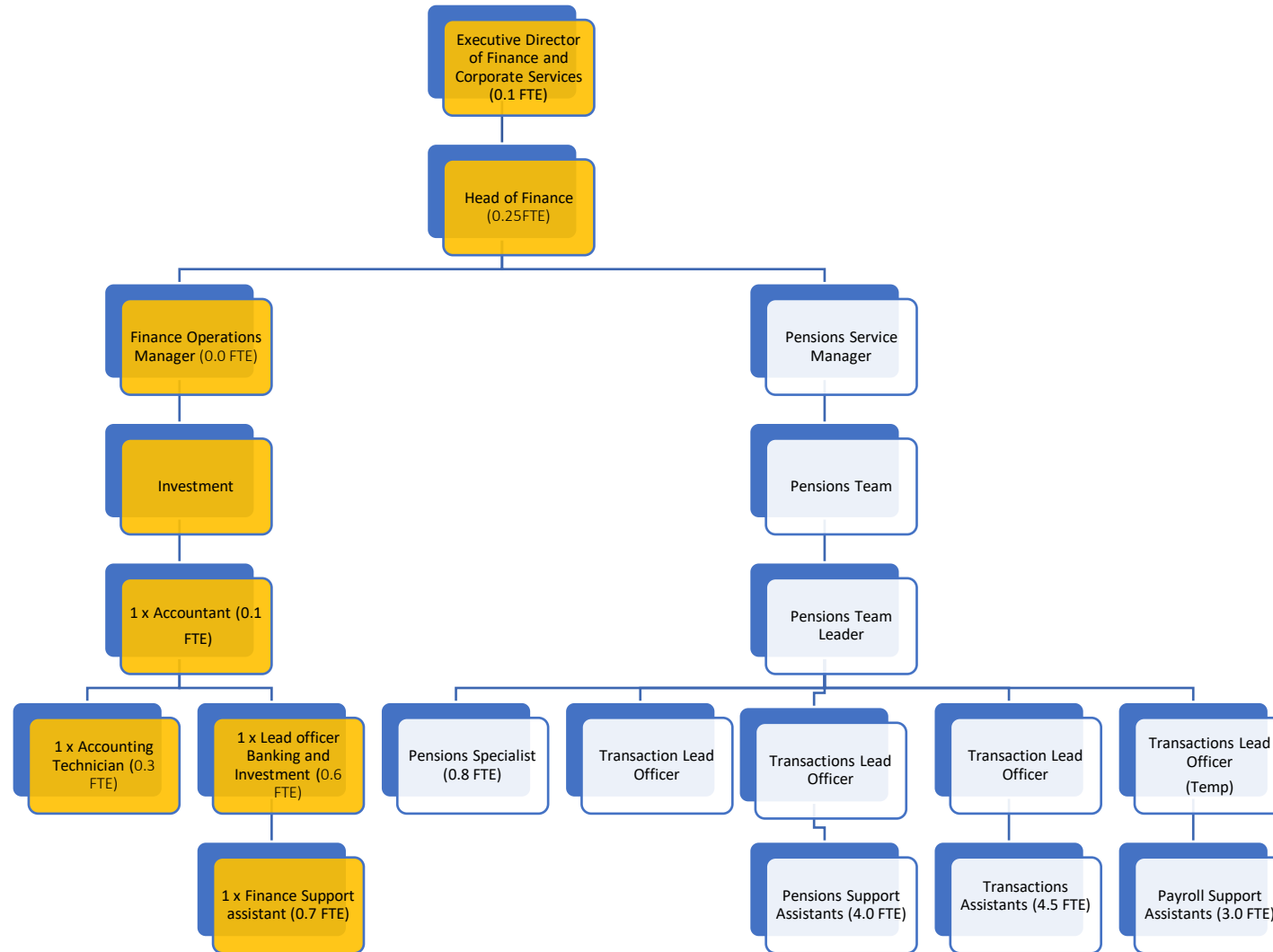
Conclusions

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.

Governance of the Fund

- Statement of Investment Principles
- Discretions Policy
- Risk Register
- Annual Report and Accounts
- Funding Strategy Statement
- Communication Policy
- Administration Strategy
- Training Policy
- Breaches of the Law



Those shaded are currently part of the wider Finance Team, therefore there is no line management arrangements in place within the Pensions Team.

Fife Pension Fund Indicative Budget 2025-26

2024-25 Budget		Note	2025-26 Budget
£m			£m
	Dealings with members, employers and others directly involved in the fund		
(123.410)	Contributions Received		(124.300)
(2.010)	Additional Contributions from Employers		(1.530)
(2.160)	Transfers from Other Schemes		(2.180)
(127.580)			(128.010)
93.050	Pension Payments		96.870
20.600	Lump Sum Benefits		21.800
0.250	Refund of Contributions		0.270
3.960	Transfers to Other Schemes		4.080
117.860			123.020
(9.720)	Net (additions)/withdrawals from dealings with members		(4.990)
2.160	Administrative Costs	1	2.660
0.600	Oversight and Governance Costs	1	0.670
	Investment Management Expenses: -		
12.020	Management Fees		11.800
0.910	Performance Related Fees		0.910
0.170	Custody Fees		0.190
2.100	Transaction Costs		1.750
8.240	Net (additions)/withdrawals including fund management expenses from dealing with members		12.990
	Returns on investments		
(48.000)	Investment Income		(68.960)
0.260	Taxes on income		0.310
(123.100)	Profit and losses on disposal of investments and changes in the market value of investments		(131.700)
(170.840)	Net return on investments		(200.350)
(162.600)	Net (increase)/decrease in the net assets available for benefits during the year		(187.360)
(3,531.319)	Opening net assets of the scheme at 1 April		(3,693.919)
(162.600)	Net increase/(decrease) in the Fund		(187.360)
(3,693.919)	Closing net assets of the scheme at 31 March		(3,881.279)

Note 1

These are deemed the controllable elements of this budget