Fife Pension Fund
Administered by Fife Council

Fife Pension Fund – Business Plan 2026-27

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 2026-27 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.

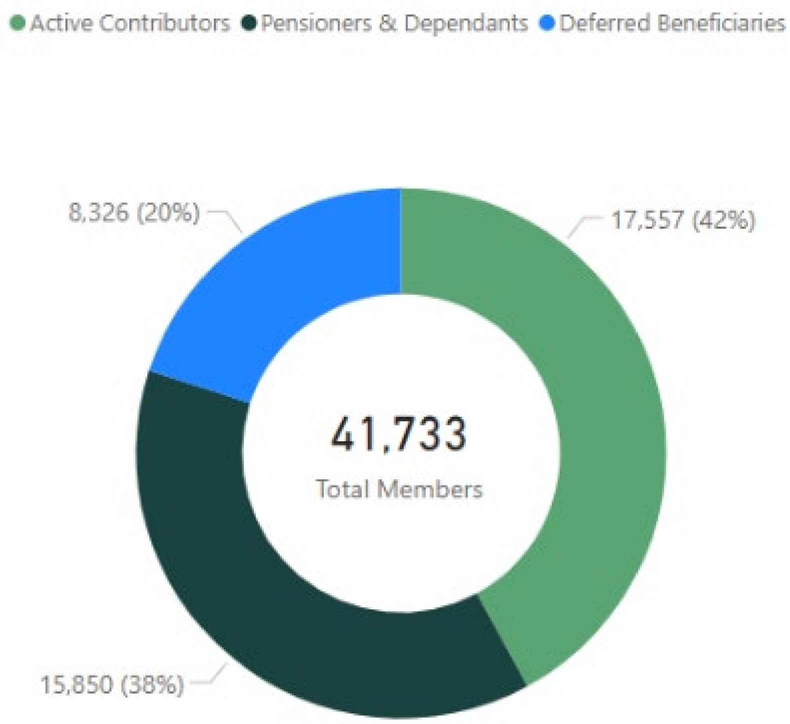
The Business Plan sets out the business of the Fund and throughout the year quarterly performance reporting will provide an update on team performance and progress, and budget monitoring will link to the plan. Finally, progress on the key deliverables will be included in the Annual Report and Accounts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

This plan ensures transparency for employers and members, supports effective governance, and provides a clear framework for delivering statutory responsibilities and planned improvements.

Fife Pension Fund

Fife Pension Fund is a £4.1bn 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 **41,700** with around **17,500** active members from **17** scheme employers and around **24,200** 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

The Fund recognises growing expectations for digital services and will continue to improve online access, automation and communication channels as resources allow.

Resources

The Pensions functions are managed by the Head of Finance, supported by the Pensions Service Manager and two teams—the Pension Administration Team and the Investment Team—as set out in Appendix 2. Ensuring these teams are adequately resourced to deliver the Service and are prepared for future demands remains a key priority.

During 2026–27 the Fund will complete the staffing structure review that began in 2025–26. The review aims to ensure sufficient capacity and specialist skills across governance, risk, systems, investment support and business improvement. Updated role profiles have been developed and are undergoing the necessary evaluation processes.

The revised structure will support delivery of increased governance requirements, digital developments, investment strategy work and the growing workload driven by national changes. Once implemented, the structure will also enable accelerated progress on several improvement and digital initiatives included within this Business Plan.

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.

Forward Work Programme

The following sections summarise the Fund's key areas of development for 2026–27, grouped into Governance & Compliance, Funding & Investment, and Member Services & Administration:

Governance and Compliance

- Team Structure Review

  As outlined in the Resources 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.

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

- 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.

- Conflicts of Interest Policy
  In 2026–27 the Fund will develop a standalone Conflicts of Interest Policy for all Committee and Board members, reflecting best practice and the approach emerging in England & Wales. The draft policy will be reviewed by the Pensions Governance Group and brought to Committee for approval following consultation.

- LGPS Landscape

  The evolving situation within LGPS in England and Wales, in respect of the Pensions Bill 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. Although national developments in England/Wales and any Scottish Government responses will be monitored, the Fund will continue to progress governance improvements independently. This includes strengthening existing arrangements, ensuring full compliance with the General Code, and completing Fund-specific governance actions regardless of national timelines.

  This is a key element of the team structure review to ensure that the team becomes more resilient and so that there are resources in place and the team is in a strong position to respond to any changes

Funding and Investment

- Actuarial Valuation 2026–27

  The 2026–27 financial year will include the statutory Triennial Actuarial Valuation, a significant and resource-intensive exercise that assesses the long-term funding position of the Fund and sets employer contribution rates for the next three-year period. This work requires close collaboration with the Fund Actuary, detailed data provision, analysis of funding assumptions, and clear communication with employers.

  Key activities will include:

  - Providing complete and accurate membership data to the Actuary.
  - Supporting the development and review of funding assumptions.
  - Interpreting valuation results and presenting these to employers and Committee.
  - Undertaking employer consultations regarding contribution outcomes.
  - Ensuring data provision meets Government Actuary Department (GAD) requirements.

  Given the complexity of the valuation, several Committee and Board training sessions will be scheduled to support understanding of funding methodology, risk analysis, and employer affordability considerations.

  The outputs of the valuation will require updates to several key governance documents, including the **Funding Strategy Statement**, **Administration Strategy**, and associated policies. These will be revised and brought to Committee for approval following consultation with stakeholders.

- Investment Strategy Review

  In tandem with the Actuarial Valuation, the Fund will undertake a comprehensive review of its Investment Strategy. This is a core strategic activity that ensures the Fund's long-term investment approach remains aligned to its updated funding position, employer risk appetite, cash flow requirements and broader responsible investment objectives.

  Work during this period will include:

  - Reviewing the strategic asset allocation in light of updated funding assumptions and long-term return expectations.
  - Considering climate-related risks and responsible investment priorities.
  - Working with advisers, LPFI and the Joint Investment Forum to evaluate investment models and potential transitions.
  - Modelling alternative investment structures and assessing implementation plans.

  This work will require significant Committee and Board engagement, including training workshops covering investment risk, asset-liability modelling, responsible investment considerations and transition planning.

  The review will result in revised governance documents, most notably the **Statement of Investment Principles (SIP)** and **Statement of Responsible Investment Principles (SRIP)**. These will be updated to reflect the revised strategic direction and presented to Committee for approval.

- Procurement

  Fife will be participating in a joint procurement arrangement with our partner funds for an investment consultant to work on the investment strategy. 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 May 2026.

- Responsible Investment

  The Fund will continue to fully implement the Statement of Responsible Investment Principles (SRIP) possible within existing resources. The SRIP remains the framework that guides how the Fund incorporates environmental, social and governance considerations into investment decisions, monitors investment managers, and undertakes voting and engagement activity.

  While meaningful progress has been made in strengthening responsible investment practices, further development—such as expanding reporting, deepening analysis, or increasing stewardship activity—cannot be taken forward without additional resources or external support. At this time, the Fund will focus on maintaining its current level of activity, using the SRIP to guide decision-making and provide transparency.

  An annual update on responsible investment activity will continue to be provided, but any significant expansion of work in this area will depend on future capacity and evolving regulatory requirements.

Members Experience and Engagement

- McCloud Judgement

  Work will continue during 2026 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.**

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

- 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.

- Administration Priorities

  The Fund's first CEM administration benchmarking exercise has highlighted several development areas that will strengthen service quality, data accuracy and member engagement. These priorities have been built into the Business Plan to ensure clear visibility of required improvements.

  Delivering the CEM-identified improvements will require dedicated resource and technical capacity, meaning some actions will extend beyond 2026–27. Progress will be phased until additional posts from the structure review are in place.

  CEM administration improvement priorities include:

  - Introducing member satisfaction surveys and digital engagement metrics
  - Improving data capture for service measures (timeliness, secure site usage and outcomes)
  - Enhancing deferred member tracing
  - Strengthening communication workflows to improve timeliness

  These improvements will commence in 2026–27, but full implementation will depend on the revised team structure and may require a multi-year delivery approach.

Improvement Agenda

The Fund will continue to progress a targeted programme of improvement activity during 2026–27, aligned to the requirements of the General Code of Practice and audit recommendations. Delivery of some improvements will depend on additional capacity created through the structure review, and several items will therefore extend beyond a single year.

Priority areas of focus include:

High priority improvement actions

- The training improvements required under the General Code — including knowledge assessments, a training manual and a knowledge library — will be delivered as part of this programme and are detailed in the Training & Knowledge Assessment section of this Plan.
- Strengthen risk management documentation and internal control mapping
- Update governance documents including the Conflicts of Interest Policy and Officer Powers
- Progress quarterly monitoring and reporting of General Code action plan items

Medium priority improvement actions:

- Enhance governance workflows, including IDRP updates and improved documentation standards
- Improve integration between operational processes and governance reporting

- Support development of more robust cyber controls and testing in line with the Code

Longer-term development work (subject to future resource):

- Development of a Digital Strategy to guide system improvements, automation opportunities and member digital services
- Expansion of responsible investment reporting and analytics (linked to resource availability)
- Longer-term enhancements to KPI reporting, data quality work and administration process redesign

This phased approach ensures improvements are sustainable, appropriately resourced and aligned to the wider structural changes underway. Progress on the Improvement Agenda will be monitored quarterly through the Pensions Governance Group and reported to Committee.

Continuous Improvement of Processes

Some areas of improvement work are continuing and have been carried forward from 2025-26 as these are taking longer than envisaged. These are noted below:

- Working with the BMIU to improve and enhance processes and developing process maps.
- Redesign of annual benefit statements to reflect the underpin
- Rollout of members self-serve to pensioner members
- 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 (2026-27) is detailed as follows:

2026-27	Quarter 1 (April to June)	Quarter 2 (July to Sept)	Quarter 3 (Oct to Dec)	Quarter 4 (Jan to March)
Actuarial	Triennial Valuation IAS19/FRS102 reports for year-end processes.	Triennial Valuation	Triennial Valuation	Triennial Valuation Employer Forum Funding Strategy Statement

Administration	HMRC reporting and returns. Year End Processing McCloud Judgement Pension Dashboard Preparation Transfer process improvement and training Annual promotion of MSS to non-registered members CEM Administration Benchmarking	HMRC Reporting and returns. Year End Processing McCloud Judgement Pension Dashboards Preparation Transfers and aggregations Issue Annual Benefit Statements CEM Administration Benchmarking	HMRC reporting and returns. Pension Dashboard implementation Annual Allowance deadline	HMRC reporting and returns. Pension Dashboard implementation Annual Pension Increase
Audit	Update on Internal Annual Audit plan Internal Annual Audit Report	External Audit process and report		External Audit plan
Governance	Quarterly Risk Review tPR General Code of Practice Actions IDRP policy Annual Governance Statement Annual Report and Accounts	Quarterly Risk Review tPR General Code of Practice Actions IDRP policy Review of Risk Management Manual and arrangements	Quarterly Risk Review tPR General Code of Practice Actions Annual Review of General Code of Practice Compliance Review of Risk Management Manual and arrangements	Quarterly Risk Review tPR General Code of Practice Actions Preparation of Indicative budget Preparation of Business Plan

	Structure Review	Review of Officer Powers Conflict of Interest Policy Structure Review	Review of Officer Powers Conflict of Interest Policy Annual Review of Communications Policy Annual Review of Administration Strategy Structure Review	Structure Review
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 – Fixed Income Private Markets investment activity Annual Review of Statement of Investment Principles and Statement of Responsible Investment Principles Development of Annual	Joint Investment Forum Qtrly Fund Managers meetings Transition Activity – Equities Private Markets investment activity CEM Benchmarking Investment Strategy	Joint Investment Forum Qtrly Fund Managers meetings Transition Activity – Equities Private Market investment activity CEM Benchmarking Investment Strategy	Joint Investment Forum Qtrly Fund Managers meetings Private Market investment activity Investment Strategy

	Investment Report			

Here is the plan for **2027-28** which is less detailed at this stage.

2027-28	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.			Employer Forum
Administration	HMRC reporting and returns. Year End Processing Pension Dashboard Annual promotion of MSS to non-registered members CEM Administration Benchmarking	HMRC Reporting and returns. Year End Processing Pension Dashboards Issue Annual Benefit Statements CEM Administration Benchmarking Communication plan for revised normal pension age	HMRC reporting and returns. Pension Dashboards Annual Allowance deadline Communication plan for revised normal pension age	HMRC reporting and returns. Pension Dashboards Annual Pension Increase Communication plan for revised normal pension age
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	Quarterly Risk Review Annual Review of	Quarterly Risk Review

	Annual Report and Accounts		Communications Policy Formal Review of Administration Strategy	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 Formal Review Statement of Investment Principles Formal Review Statement of Responsible Investment Principles	Joint Investment Forum Qtrly Fund Managers meetings Transition Activity Private Markets investment activity CEM Benchmarking	Joint Investment Forum Qtrly Fund Managers meetings Transition Activity Private Market investment activity CEM Benchmarking	Joint Investment Forum Qtrly Fund Managers meetings Transition Activity Private Market investment activity

Indicative Budget 2026-27

The indicative budget for 2026-27 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 3.8%. [To be confirmed]

- Administration Costs – these reflect the current staffing structure and estimated pay awards and increments. The Central Support costs have been updated to reflect estimated pay awards. Additional costs for licensing, implementation and software for Pensions Dashboard 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.

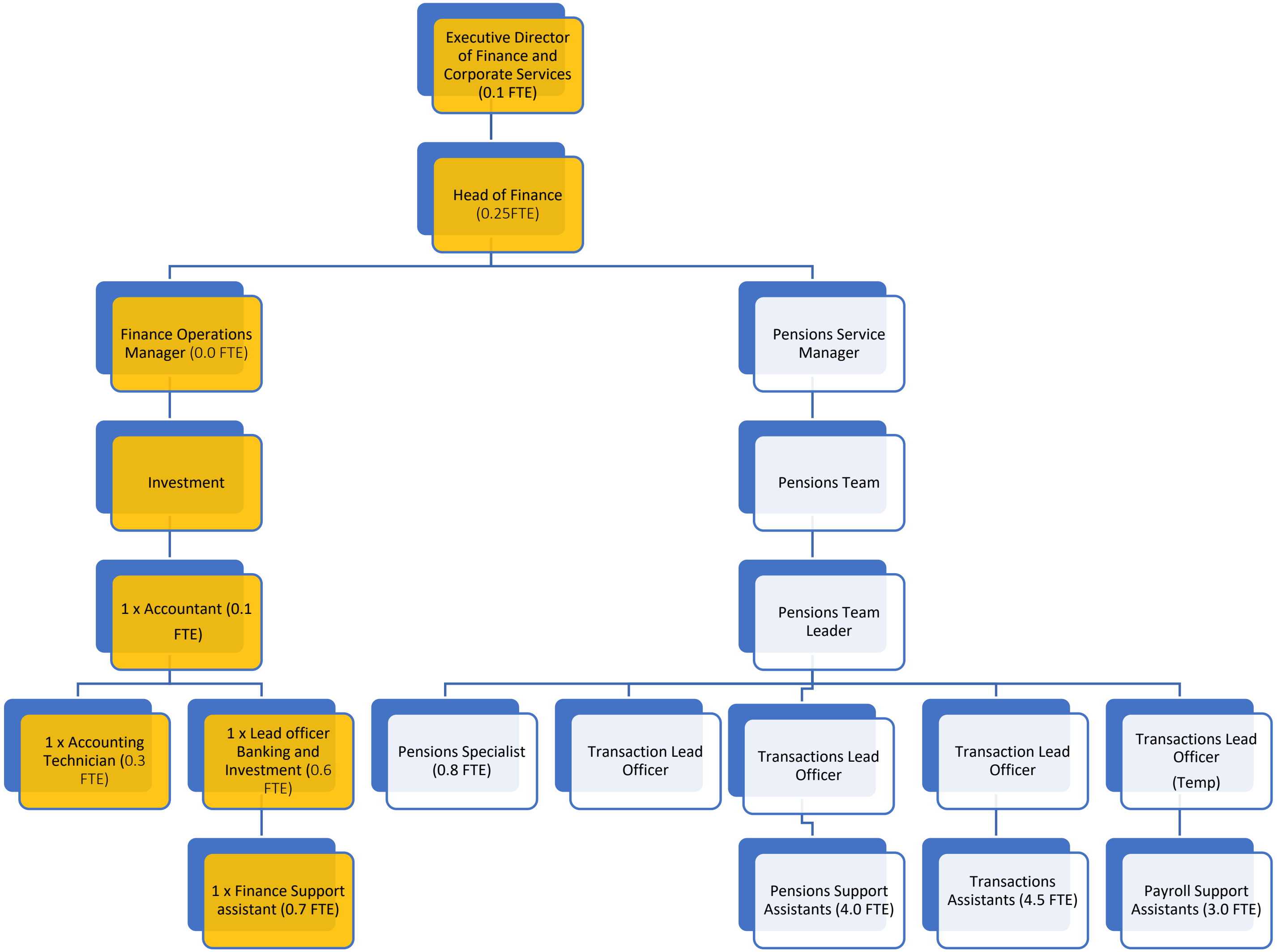
Appendix 1

Key Governance Documentation

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

Pensions Staffing Structure **Appendix 2**



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

Appendix 3

Fife Pension Fund Indicative Budget 2026-27

2025-26 Budget £m		Note	2026-27 Budget £m
	Dealings with members, employers and others directly involved in the fund		
(124.300)	Contributions Received		(129.750)
(1.530)	Additional Contributions from Employers		(1.080)
(2.180)	Transfers from Other Schemes		(2.300)
(128.010)			(133.130)
96.870	Pension Payments		105.680
21.800	Lump Sum Benefits		24.370
0.270	Refund of Contributions		0.290
4.080	Transfers to Other Schemes		3.740
123.020			134.080
(4.990)	**Net (additions)/withdrawals from dealings with members**		**0.950**
2.660	Administrative Costs		2.200
0.670	Oversight and Governance Costs		0.700
	Investment Management Expenses: -		
11.800	Management Fees		8.660
0.910	Performance Related Fees		0.690
0.190	Custody Fees		0.200
1.750	Transaction Costs		1.980
12.990	**Net (additions)/withdrawals including fund management expenses from dealing with members**		**15.260**
	Returns on investments		
(68.960)	Investment Income		(80.780)
0.310	Taxes on income		0.390
(131.700)	Profit and losses on disposal of investments and changes in the market value of investments		(136.200)
(200.350)	**Net return on investments**		**(216.590)**
(187.360)	**Net (increase)/decrease in the net assets available for benefits during the year**		**(201.330)**
(3,782.461)	Opening net assets of the scheme at 1 April		(3,969.821)
(187.360)	Net increase/(decrease) in the Fund		(201.330)
(3,969.821)	**Closing net assets of the scheme at 31 March**		**(4,171.151)**

Note 1

These are deemed the controllable elements of this budget