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## **BUSINESS PLAN PERFORMANCE UPDATE**

**Report by Acting Chief Financial Officer**

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### **JOINT MEETING OF PENSION FUND COMMITTEE AND PENSION FUND BOARD**

**13 December 2022**

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#### **1 PURPOSE AND SUMMARY**

- 1.1 This report is to provide members of the Committee and the Board with an update on delivery of the actions within the approved Business Plan.**
- 1.2 The 2022/23 – 2024/25 Business Plan for the Pension Fund was approved by the Committee/Board on 29 June 2022. Included within the plan were key objectives and actions with target dates. A summary of the progress on the actions are included in Appendix 1.
- 1.3 As part of the risk register update approved at Committee/Board on 15 September 2022 it was agreed that a mid-year progress report on the business plan actions would be presented to Members at the December 2022 meeting and a further progress report and update at the June 2023 meeting.
- 1.4 There are 25 key tasks due for completion during 2022/23. As detailed in Appendix 1, all actions are progressing or are complete with exceptions and delays in delivery outlined in section 4.2 of this report.

#### **2 RECOMMENDATIONS**

- 2.1 It is recommended that the Pension Fund Committee:**
  - (a) Notes the progress of the 2022/23 actions within the business plan;**
  - (b) Agrees the revised target dates for the actions in section 4.2 below.**

### 3 BACKGROUND

- 3.1 Local Government Pension Scheme (LGPS) administering authorities are required to prepare, publish and maintain statements of compliance against a set of six principles for pension fund investment, scheme governance, disclosure and consultation. These are referred to as the “Myners Principles” and the reporting on compliance, as required by the LGPS Regulations, must be included in the Statement of Investment Principles.
- 3.2 Best practice indicates that having a business plan for the Pension Fund is a good way of demonstrating compliance with the “Myners Principle” that underpin effective decision making. The Pension Fund Committee and Board approved the 2022/23 – 2024/25 business plan on 29 June 2022.
- 3.3 As part of the risk register update approved by Committee/Board on 15 September 2022 it was agreed a progress report on the actions contained within the business plan would be reported to the Committee and Board at the December 2022 meeting.

### 4 ACTION PLAN – PROGRESS UPDATE

- 4.1 The action plan approved at the joint meeting on 29 June 2022 detailed how the achievement of the objectives within the business plan would be measured. Appendix 1 shows the actions to be completed in 2022/23 and provides an update on each individual action.
- 4.2 There are 25 key tasks due for completion during 2022/23. As detailed in Appendix 1, all actions are progressing or are complete with exceptions and delays in delivery outlined in the table below.

P1-A1	Fund Investment Performance at Benchmark	Attain or Exceed Benchmark return on annualised 3 Year Rolling Basis	The fund has not met its benchmark target in the last financial year. Review investment performance with Isio to see if there is way this could be enhanced.
P3-A4	Development and publication of newsletter for publication and inclusion on Pension Fund web-site	31/12/2022	Delayed 31/03/2023 – resourcing challenges have delayed completion
P4-A1	Review of admission agreement	31/12/2022	Delayed 31/03/2023 - Delayed due to competing priorities – progress being made
P4-A2	Review of employer guarantees	31/12/2022	Delayed 31/03/2023 - Delayed due to competing priorities – progress being made
P5-A1	Complete full reconciliation of Guaranteed Minimum Pension between Fund & HMRC	30/09/2022	Delayed 31/03/2023 - Progress has been made and plan in place for remaining adjustments to be applied
P7-A1	Implementation of workflow	31/12/2022	Delayed 30/06/2023 - Delayed due to implementation of Altair Insights and Image, resources have been prioritised based on requirement to deliver statutory elements
P7-A2	Implementation of i-Connect	31/12/2022	Delayed 30/06/2023 – as above re P7-A1
P8-A3	Pension Fund Committee approval of Pensions Administration Strategy	30/09/2022	Delayed 31/03/2023 - Delayed pending outcomes of the Governance Review

## **5 IMPLICATIONS**

### **5.1 Financial**

There are no financial implications to this report.

### **5.2 Risk and Mitigations**

The monitoring of the delivery of actions within the Business Plan including identification of responsible officer and timescales, as set out in this report, is part of the governance framework to manage the operation of the Pension Fund and ensure effective decision making. Some of the actions are designed to directly enhance the management of risks. Progress on actions associated with relevant risks will be considered as part of the next cycle of Risk Register review activity.

### **5.3 Integrated Impact Assessment**

There is no impact or relevance to Equality Duty or the Fairer Scotland Duty for this report. This is a routine good governance required under the Local Government Pension Scheme (Governance) (Scotland) Regulations 2014. Nevertheless, a light touch assessment has been conducted and this will be published on SBC's Equality and Diversity Pages of the website as in doing so, signifies that equality, diversity and socio-economic factors have duly been considered when preparing this report.

### **5.4 Sustainable Development Goals**

There are no direct impacts from this report on the sustainable development goals of the Council.

### **5.5 Climate Change**

There are no direct climate change impacts as a result of this report.

### **5.6 Rural Proofing**

It is anticipated there will be no adverse impact on the rural area from the proposals contained in this report.

### **5.7 Data Protection Impact Statement**

There are no personal data implications arising from the proposals contained in this report.

### **5.8 Changes to Scheme of Administration or Scheme of Delegation**

No changes are required as a result of this report.

## **6 CONSULTATION**

- 6.1 The Monitoring Officer/Chief Legal Officer, the Chief Officer Audit and Risk, the Director (People Performance & Change), the Clerk to the Council and Corporate Communications are being consulted and any comments received will be communicated at the meeting.

### **Approved by**

**Name:** Suzy Douglas **Signature** .....

**Title:** Acting Chief Financial Officer

**Author(s)**

Name	Designation and Contact Number
Suzy Douglas	Acting Chief Financial Officer
Ian Angus	HR Shared Services Manager

**Background Papers:** Pension Fund Business Plan 2022/23 – 2024/25

**Previous Minute Reference:** Joint meeting Pension Fund Committee and Pension Fund Board, 29 June 2022.

**Note** – You can get this document on tape, in Braille, large print and various computer formats by contacting the address below. The Pensions & Investment Team can also give information on other language translations as well as providing additional copies.

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## APPENDIX 1

### What we want to achieve ... (Objective)

Set levels of employer contribution that will build up a fund of assets that will be sufficient to meet all future benefit payments from the Fund, and invest in assets that grows the Fund's assets in a such a way that produces levels of employer contribution that are as stable as possible

How?				By whom?	By when?			IIA	
Action No.	How we will achieve our objective ... (Action)	Key Tasks	PI ref.	Owner	22/23	23/24	24/25		
P	1	<b>Review Pension Strategies informed by 2023 Triennial Valuation Results</b>							
		Monitor and report investment performance	P1-A1	P&I Manager	•	•	•		
		Undertake and complete Triennial valuation.	P1-B1 P1-B2	HRSS Manager P&I Manger		•		•	
		Approval and implementation of 2023 Triennial Valuation employer contribution results, including update of Funding Strategy Statement	P1-C1 P1-C2	HRSS Manager P&I Manager		•	•	•	
P	2	<b>Maximise investment performance</b>							
		Review Strategic asset allocation following completion of 2023 valuation	P2-A1	P&I Manager			•		
		Implementation of approved strategic asset allocation	P2-B1 P2-B2	P&I Manager	•				

PI ref.	How we will know we have achieved our objective ... (Performance Indicator)	Target	Progress
P1-A1	Fund Investment Performance at Benchmark	Attain or Exceed Benchmark return on annualised 3 Year Rolling Basis	The fund has not met its benchmark target in the last financial year. Review investment performance with Isio

			to see if there is way this could be enhanced.
P1-B1	Triennial Actuarial Valuation Funding Level of assets against liabilities	100%	
P1-B2	Data provision review to meet the requirements of Actuary	By 30/06/2023	Due 2023
P1-C1	Correct employer contribution rates in Pensions System for each employer	By 30/06/2021	Complete
P1-C2	Pension Fund Committee approval of Funding Strategy Statement	By 30/06/2022	Complete
P2 – A1	Undertake full review of strategic asset allocation	By 30/09/2024	Due 2024
P2 – B1	Agree plan for implementation of approved strategic asset allocation	By 31/12/2024	Due 2024
P2 – B2	Action plan for strategic asset allocation implementation	By 31/12/2024	Due 2024

### What we want to achieve ... (Objective)

**Deliver a High Quality Pension Service to Members**

How?				By whom?	By when?			IIA
Action No.	How we will achieve our objective ... (Action)	Key Tasks	PI ref.	Owner	22/23	23/24	24/25	
P 3	<b>Develop and Implement an effective Communication Strategy for the Pension Fund</b>							
		Review Communication Strategy and Action Plan in line with best practice and technological advancements	P3-A1	HRSS Manager	•	•	•	•
		Continue to proactively manage and engage Pension Fund Employers	P3-A2	HRSS Manager	•	•	•	
		Review all forms and communication material, including annual benefit statements	P3-A3 P3-A4	HRSS Manager P&I Manager	•	•	•	•
P 4	<b>Ensure stability of Employers</b>							
		Review of Employer covenants	P4-A1 P4-A2	HRSS Manager	•			
P 5	<b>Ensure accuracy of Pension Records</b>							

			Complete full reconciliation of Guaranteed Minimum Pension (GMP) amounts between Fund and HMRC	P5-A1 P5-A2	HRSS Manager	•			
			Consider the implications of the McCloud case	P5-A3	HRSS Manager	•			
			Consider the implications of the Goodwin case	P5-A4	HRSS Manager	•			
			Information requirements for Dashboard	P5-A5	HRSS Manager	•	•		
			Stronger Nudge on Pensions	P5-A6	HRSS Manager	•			
			Introduce Overpayment Policy	P5-A7	HRSS Manager	•			
			Review Privacy Notice	P5-A8	HRSS Manager	•			
<b>P</b>	<b>6</b>	<b>Promotion of self service facility</b>							
			Promotion and Improvement of self service facility	P6-A1 P6-A2 P6-A3	HRSS Manager	•	•		
<b>P</b>	<b>7</b>	<b>System improvements to support home working</b>							
			Consider implementation of workflow	P7-A1	HRSS Manager	•			
			Implementation of i-Connect for large employers	P7-A2	HRSS Manager	•			
			Digitisation of historical records	P7-A3	HRSS Manager	•			
			Continued promotion of availability for online payslip and P60's	P7-A4	HRSS Manager	•			

PI ref.	How we will know we have achieved our objective ... (Performance Indicator)	Target	Progress
P3- A1	Review of Communications strategy and action plan	30/09/2022	Complete
P3-A2	Hold Annual Employer Liaison Meeting	1 meeting by 31/03/2023	On track
P3-A3	Annual review of all forms, communication material, including annual benefit statements	31/08/2022	Complete
P3-A4	Development and publication of newsletter for publication and inclusion on Pension Fund web-site	31/12/2022	Delayed 31/03/2023

P4-A1	Review of admission agreement	31/12/2022	Delayed 31/03/2023
P4-A2	Review of employer guarantees	31/12/2022	Delayed 31/03/2023
P5-A1	Complete full reconciliation of Guaranteed Minimum Pension between Fund & HMRC	30/09/2022	Delayed 31/03/2023
P5-A2	Review of Common and Specific Data following annual review and return to The Pension Regulator.	31/12/2022	On track
P5-A3	Review all guidance and communication on McCloud case implications	31/03/2023	On track
P5-A4	Review all guidance and communication on Goodwin case implications	31/03/2023	On track
P5-A5	Review all guidance and communication of Pensions Dashboard, engaging with Pension Admin system provider as necessary	31/12/2023	Due 2023
P5-A6	Review all guidance and communication on Stronger Nudge on Pensions	30/09/2022	Complete
P5-A7	Present Overpayment Policy to Pensions Committee to improve governance arrangements	30/09/2022	Complete
P5-A8	Review the Privacy Notice to ensure this is in line with current data requirements	31/12/2022	On track
P6-A1	Promotion of self service to all active and deferred members	31/08/2022	Complete – Ongoing
P6-A2	Implementation of updated version of Self Service on a like for like basis	30/06/2023	Due 2023
P6-A3	Consider additional enhancements being developed for Self Service	30/06/2023	Due 2023
P7-A1	Implementation of workflow	31/12/2022	Delayed 30/06/2023
P7-A2	Implementation of i-Connect	31/12/2022	Delayed 30/06/2023
P7-A3	Digitisation of historical records	31/12/2023	Due 2023
P7-A4	Promotion of online payslips and P60's	31/03/2023	Complete – Ongoing

### What we want to achieve ... (Objective)

Ensure that Scottish Borders Pension Fund is managed effectively, transparently and in compliance with regulation

How?			By whom?	By when?			EIA	
Action No.	How we will achieve our objective ... (Action)	Key Tasks	PI ref.	Owner	22/23	23/24	24/25	
P	8	<b>Continue to develop robust governance and risk management</b>						
		Review and update Governance Policy and Compliance Statement	P8-A1	P & I Manager	•		•	



			Develop and deliver 2021/22 Training Programme	P8-A2 & A4	P & I Manager	•				
			Implement monitoring per Responsible Investment Policy	P8-A5 & A6	P & I Manager	•				
			Review and update Pensions Administration Strategy	P8-A3	HRSS Manager	•	•	•	•	
			Ensure the Pension Fund is prepared to meet any future reporting requirements from the Stewardship Code 2020	P8-A7 & A8	P & I Manager	•	•			
			Implementation of The Pension Regulator “Single Code”	P8-A9 & A10	HRSS Manager P&I Manager	•				
<b>P</b>	<b>9</b>	<b>Review services provided by IT providers to ensure data is secure and adheres to cyber security requirements</b>								
			Implement annual assurance requirement for IT providers	P9-A1, A2 & A3	HRSS Manager	•	•	•	•	
<b>P</b>	<b>10</b>	<b>Review services provided externally to ensure that these represent best value to the Fund</b>								
			Undertake procurement exercise for Custodian	P10-A1	P & I Manager		•			
			Undertake procurement exercise for Actuary	P10-A2	HRSS Manager P&I Manager			•		
			Under review of provision of Pension Administration system	P10-A3	HRSS Manager		•			

PI ref.	How we will know we have achieved our objective ... (Performance Indicator)	Target	Progress
P8-A1	Pension Fund Committee approval of Governance Policy and Compliance Statement 2020	30/06/2022	Complete
P8-A2	Pension Fund Committee approval of Training Policy 2020 and Training Programme 2021/22	30/06/2022	Complete
P8-A3	Pension Fund Committee approval of Pensions Administration Strategy	30/09/2022	Delayed 31/03/2023
P8-A4	Training Needs Self-Assessment Levels from 2020/21 to 2021/22	30/06/2022	Complete
P8-A5	Agree Action plan for implement of Responsible Investment monitoring	30/06/2022	Complete
P8-A6	Provide revised responsible investment monitoring report format	31/12/2022	On track
P8-A7	Undertake review of Stewardship Code 2020 and recommendations for adherence	31/12/2022	Complete

P8-A8	Implement recommendation from Stewardship Code review	30/09/2022	Resubmitted
P8-A9	Undertake review of TPR Single code and highlight changes required to meet the new code	30/09/2022	Complete
P8-A10	Implement changes required to meet code requirements	31/12/2022	On track
P9-A1	Request assurance of cyber security policy being in place from Aquila Heywood on an annual basis	30/09/2022	Complete
P9-A2	Request assurance of cyber security policy being in place from CGI on an annual basis	30/09/2022	Request submitted
P9-A3	Request assurance of cyber security policy being in place from Hymans Robertson on an annual basis	30/09/2022	Request submitted
P10-A1	Undertake procurement exercise for Custodian	30/09/2023	Due 2023
P10-A2	Undertake procurement exercise for Actuary	31/12/2024	Due 2024
P10-A3	Under review of provision of Pension Administration system	31/03/2023	Due 2023