

**BUSINESS PLAN 2023/24 – 2025/26**

**Report by Acting Chief Financial Officer**

---

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

**22 June 2023**

---

**1 PURPOSE AND SUMMARY**

- 1.1 This report presents the draft Pension Fund Business Plan 2023/24 – 2025/26 for approval by Committee.**
- 1.2 Best practice suggests that having a business plan for the pension fund is a good way of demonstrating compliance with the “Myners Principle” relating to effective decision making. Appendix 1 contains the first Pension Fund Business Plan, covering the period 2023/24 – 2025/26.
- 1.3 The Business Plan 2023/24 – 2025/26 identifies an Action Plan that will be delivered during the next three years to support the aims and objectives of the Fund.

**2 RECOMMENDATIONS**

- 2.1 It is recommended that the Pension Fund Business Plan 2023/24 – 2025/26 as set out in Appendix 1 is approved.**

### **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" which are set out in the Statement of investment principles elsewhere on the committee agenda.
- 3.2 Best practice suggests that having a business plan for the Pension Fund is a good way of demonstrating compliance with the Myners Principle that relates to effective decision making.

### **4 PENSION FUND BUSINESS PLAN 2023/24- 2025/26**

- 4.1 Appendix 1 contains the proposed Pension Fund Business Plan 2023/24 – 2025/26 (the Business Plan).
- 4.2 The Business Plan has been developed by officers in Human Resources and Finance and uses the template developed for the Council, with some adjustments to meet the specific needs of the Pension Fund.
- 4.3 The sections of the Business Plan are:
- a) Overview of the Pension Fund;
  - b) A summary of what must be done;
  - c) The Fund's aims and objectives;
  - d) A summary of successes and areas for improvement; including the actions completed in 2022/23 from the previous Business Plan;
  - e) Management of Risk Summary;
  - f) Key stakeholders;
  - g) An overview of the Fund's resources;
  - h) How Performance is managed;
  - i) The Fund's Action Plan, including performance indicators for 2023/24 – 2025/26.
- 4.4 The Action Plan is split into three objectives which support the Strategic Aims of the Fund. These are:
- a) Set levels of employer contributions 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 such a way that produces levels of employer contribution that are as stable as possible.
  - b) Deliver a High Quality Pension Service to Members.
  - c) Ensure that Scottish Borders Pension Fund is managed effectively, transparently and in compliance with legal requirements.



**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.

Contact us at Pensions & Investments Team, Council Headquarters, Newtown St Boswells, Melrose, TD6 PSA  
Tel: 01835 825249  
email: [t&cteam@scotborders .gov.uk](mailto:t&cteam@scotborders.gov.uk)

## 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<br>P1-B2 | HRSS Manager<br>P&I Manger  |          | •     |       | •   |
|            |  | Approval and implementation of 2023 Triennial Valuation employer contribution results, including update of Funding Strategy Statement | P1-C1<br>P1-C2 | HRSS Manager<br>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<br>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<br>P3-A4 | HRSS Manager<br>P&I Manager | •     | •     | •     | • |
| P 4        | <b>Ensure stability of Employers</b>  |   |                |                             |       |       |       |   |
|            |   | Review of Employer covenants  | P4-A1<br>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<br>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<br>P6-A2<br>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          |