

Appendix 2

Scottish Borders Council Pension Fund Governance Review & Stewardship Code Action Plan

Notes on the Action Plan:

1. Timescales used in this plan relate to the calendar year
2. Source references used in the plan are drawn from Governance action numbering from the Review Schedule & Stewardship Code report 2022/23) respectively, to enable activities from each report to be tracked (Prefixes GP, SP, IOR, RA refer to Governance Review Actions; Prefix St.C refers to Stewardship Code actions)

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Source Ref.	Plan Action No.			Delivery	
		Recommendations/Actions:	Key Tasks		
Workstream 1: Governance Structure, Policy, Process & Oversight				Workstream Lead(s)	Scheduled Completion
GP1 GP3 GP (i) GP (v)	1.	<p>Review/update Scheme of Administration, addressing all points in Governance Review Report, including:</p> <p>Revise Committee remit to include how efficacy of control systems are assessed (e.g. agreeing internal audit plans and reviewing outcomes).</p> <p>Pension Committee & Board roles are clearly distinct.</p> <p>Board members should not be members of I&P Sub-Com.</p> <p>Fund Website for SBC specific content/ accuracy to be regularly reviewed & updated</p>	<ul style="list-style-type: none"> • Review Section VIII of SBC’s Scheme of Administration to revise/update remit of Pension Fund Committee and I&P Sub-Committee. • Chairs of Pension Committee & Board to monitor/ maintain clear delineation between respective roles at joint meetings. • Provide regular refresher training on governance structures & roles for members/relevant officials, as part of Training review, below. • Clarify wording on Board constitution/other Fund documentation to describe Board member attendance at I&P Sub-Com., without being deemed ‘members’ and how attendance at meetings will be organised by the Board. • Include provision in Fund Communication Strategy • Continue to review adequacy of provision against any additional requirements of TPR’s Single Code, once this is published 	PI&A Manager	<p>Qtr.1 2024</p> <p>Qtr.1 2024</p> <p>In line with Action 2 on Training</p> <p>Qtr.1 2024</p> <p>Qtr.3 2024</p> <p>Following publication</p>
GP5 St.C 1.7	2.	Review Training approach/frequency/ content, for more bespoke approach to address key issues facing the Fund and specific needs of members/ senior officials	<ul style="list-style-type: none"> • Review current training provision i.e., frequency, content, methods of delivery and budget, to improve relevance of training. • Develop approach to evaluating effectiveness and value of training 	PI&A Manager	<p>Qtr.2 2024</p> <p>Qtr.2 2024</p>

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		<p>Assess if current Training Policy requirements for min. attendance at meetings/training is still adequate for the Fund's needs.</p>	<ul style="list-style-type: none"> Review adequacy of minimum standards considering current/future Fund needs. Determine approach which demonstrate member knowledge/understanding/contribution, through other measures (ref evaluation above). <p><i>Undertake above tasks by eliciting views/input of members, officials, and comparison with practice across other relevant LGPS Funds.</i></p>		Qtr.2 2024
GP2 GP(ii) GP(iii) GP (iv)	3.	<p>Review/update Pension Board Constitution. To include:</p> <p>Production of annual Board reports</p> <p>Process for annual 'declaration of interests' for members & register of interests on Fund's website</p> <p>Fund ensures that potential 'conflicts of interest' for Board Members who are also Councillors can be managed</p>	<ul style="list-style-type: none"> Research on what other Scottish LGPS Funds are doing, for examples/templates of 'good practice' which can be adapted for SBC's Pension Fund Board Constitution, bearing in mind size of Fund and what is proportionate.. Produce process for recording/monitoring register of interests and potential 'conflict of interest' for Board members; maintain records of issues and outcomes, in line with SBC Conflict of Interest Policy 	PI&A Manager	Qtr.3 2024 Qtr.3 2024
GP (vii) GP (viii)	4.	<p>Committee to consider: Review of tri-annual GAD report (Section 13 report) on funding positions of Scottish LGPS Funds</p> <p>Obtain updates on funding position, between formal actuarial valuations</p>	<ul style="list-style-type: none"> Assess what further detail from full GAD report would be useful for Committee & Board, to augment existing reporting. Provide outline of additional reporting requirements/costs to Committee. If agreed, arrange annual reporting cycle with Hyman Robertson. 	PI&A Manager	On receipt of next GAD report from Hyman Robertson Qtr.1 2025

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Workstream 2: Service Provision & Performance Monitoring & Evaluation				Workstream Lead(s)	Completed
SP1	5.	<p>Review Fund's resource needs.</p> <p>Ensure procedure manuals/ timetabling in place for key tasks in Pen. Admin & Investment</p>	<ul style="list-style-type: none"> • Complete recruitment for Pension, Investment & Accounting Mgr. by Mar. 2024 • Provide induction and assess/action immediate training needs to new PI&A Mgr • Evaluate current Pension Admin & Investment procedure manuals to update/augment/address gaps. Training manuals to be completed by mid 2024. 	<p>Fin. & Proc. Director</p> <p>HRSS Manager/ PI&A Manager</p>	<p>Qtr.1 2024 (depends on recruitment) On appointment</p> <p>Qtr. 4 2024</p>
SP (i)	6.	<p>Consider appointment of independent adviser to provide support for officers, Committee & Board</p>	<ul style="list-style-type: none"> • Scope-out need/potential remit/focus of role, and how role would interact across Fund. Assess benefits vs costs, via cost/benefit analysis. • If agreed by Committee, identify potential 'candidates', and undertake procurement. • Induction of independent consultant 	<p>Fin. & Proc. Director</p>	<p>Qtr.1 2025</p>
SP3	7.	<p>Expand Pen. Admin Strategy to include performance standards for internal service provision (member communications, self-service provision, customer satisfaction, data quality etc.)</p>	<ul style="list-style-type: none"> • Identify and develop key performance metrics, relevant and proportionate for SBC Pension Admin. Also assess systems potential for processing & analysis. • Seek Committee approval for implementation and implement pilot for 2024/25 Financial Year 	<p>HRSS Manager</p>	<p>Qtr.1 2024</p> <p>Qtr.2 2024</p>
SP(iv) SP(vi)	8.	<p>Strategy to be monitored by Committee more regularly and service standards extended to services for members.</p> <p>Business Plan to include more extensive performance measures in line with above & performance against Pen. Admin.</p>	<ul style="list-style-type: none"> • First performance metrics report to Committee by Sept. 2024. Report performance levels to Committee at 6-monthly intervals, initially. • Include in Bus. Plan once new metrics providing consistent, reliable data (2024/25 Bus. Plan). 		<p>Qtr 3 2024 & at 6 monthly intervals</p> <p>2024/25 Bus. Plan</p>

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St.C 2.1 St.C 2.2 St.C 2.3 SP(iii)	9.	Monitor/measure efficacy of Fund's Communications Strategy (and engagement activity) and how it serves best interests of Fund beneficiaries. To include: <ul style="list-style-type: none"> • Improve comms with members and signposting to Fund website/other information sources • Regularly survey members & employers to get feedback on services and assess most effective comms channels/content • Engage more proactively with employers on Fund activity • Promote Fund's ESG activities and raise awareness through website 	<ul style="list-style-type: none"> • Research good practice/media used across SB Council and what other LGPS Funds do - by 31st March 2024 • Implement annual newsletter to members - scheduled for March 2024 • Design/issue Member Feedback Survey to elicit views/inform future comms. and analyse feedback. • Contact employers to elicit feedback/views on future communications and on annual Employer Liaison meeting. • Regularly assess need for information posts/updates via Fund website/other media and prompting/'signposting' members to these updates. • Report summary feedback findings (members & employers) to Committee at Sept. 2024 meeting. Review/revise Communication Strategy, if necessary 	HRSS Manager & PI&A Manager	Qtr.1 2024 Qtr.1 2024 Qtr.3 2024 Quarterly Qtr.3 2024
SP(ii)	10	Fund Budget & Business Plan to be considered by Committee at the same meeting	<ul style="list-style-type: none"> • Assess implications/resource needs to bring forward Business Plan to March, in line with budget timetable. • Confirm Committee approval - Dec 2024 meeting • Implement Plan/Budget alignment for 2025/26 	HRSS Manager & PI&A Manager	Qtr. 1 2025
SP4	11	Data Improvement Plan to be developed & implemented	<ul style="list-style-type: none"> • Data readiness & assessment in progress, in line with Pension Dashboard timetable • Data quality match between internal & external member data to assess data accuracy and identify gaps • Agree timeline with external supplier for data match and process to address gaps 	HRSS Manager	Qtr.3 2024
SP5	13	Review of risks/resources in maintaining two pension payroll systems	<ul style="list-style-type: none"> • Undertake a full cost-benefit analysis and risk assessment, to identify/assess options, benefits/risks, and likely costs. • Present outputs and recommendations to Committee • Prepare plan for implementing any changes agreed 	HRSS Manager	Qtr.3 2024
SP6	14	Undertake external benchmarking results (inc. performance & costs of provision) for Pen. Admin & Investment. Regularly report to results to Committee	<ul style="list-style-type: none"> • Research and cost appropriate Pen. Admin external benchmarks and make recommendation to Committee. • Key findings for Pension Admin. & Investment (CEM) external benchmarking reported to Committee annually. 	HRSS Manager HRSS Manager & PI&A Manager	Qtr.4 2024 Qtr.4 2024 & annually

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SP(v)	15	Assess scope of Pen. Admin system for further automation of tasks/data management etc.	<ul style="list-style-type: none"> • Explore further automation options for monitoring/measuring performance metrics using Workflow, I-Connect or alternative systems. • Report/recommendations to Committee • Prepare plan for agreed option, implement systems option and 'pilot' performance data capture and validity 	HRSS Manager	In line with metrics dev. timeline (action 7)
SP(vii)	16	Performance monitoring of external AVC facility (both investment & administration performance)	<ul style="list-style-type: none"> • AVC performance and provision to be reviewed on 7 year cycle (next one scheduled 2025). • Assess alternative AVC providers for more beneficial services/performance/costs, prior to 2025 • Recommendation to Committee for 2025-32 provision • Implementation of agreed actions/provider 	HRSS Manager	Qtr.4 2024 Qtr.1 2025

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Workstream 3: Investment Oversight & Reporting				Workstream Lead(s)	Completed
St.C 2.4	17	Continue developing ESG objectives and metrics, in line with TCFD project plan	<ul style="list-style-type: none"> • Actions for TCFD Project Plan, and Responsible Investment Plan, led by Isio. Update provided Oct 2023 	PI&A Manager	Annual review & updates
St.C 4.1	18	Improve reporting and quality of data on managers voting/voting outcomes on ESG considerations	<ul style="list-style-type: none"> • ESG/Climate Impact Assessment – review of managers sustainability activity, led by Isio • Implementation Statement updates, led by Isio 	PI&A Manager	Annual reviews & updates
St.C 3.2	19	Develop Escalation Policy to formalise current I&P Sub-Com. process for annually reviewing/monitoring ESG scores, through active engagement with managers	<ul style="list-style-type: none"> • Map process used by I&P Sub- Com. and draft Escalation Policy. • Once agreed, include in Fund’s policy & key documents ‘review cycle’ 	PI&A Manager	Qtr.2 2024
St.C 1.3	20	Use improved monitoring & reporting/ data quality to continually review and update Fund’s Responsible Investment Policy objectives	<ul style="list-style-type: none"> • Review and update/revise Responsible Investment Policy in line with review cycle. • Responsible Investment Plan - metrics & targets update, led by Isio • Implementation Statement updates, produced by Isio, for Stewardship Code Report 	PI&A Manager	Annual Review Qtr.4 2023 & annually Qtr. 3 2023 – then annually
IOR(i)	21	I&P Sub- Com. agenda to align more closely with its remit	<ul style="list-style-type: none"> • Review as part of wider Committee/I&P Sub-Committee work and revise agenda planning as necessary • Monitor I&P Sub-Com. agenda to ensure remit responsibilities are covered, in line with Fund’ policy/key documentation ‘review cycle’ 	PI&A Manager	Align with Plan No. 1 timeline
IOR(ii)	22	I&P Sub-Committee to review investment costs on a regular basis	<ul style="list-style-type: none"> • Review as part of wider Committee/I&P Sub-Committee work • Assess current arrangements for cost/value review and recommend potential options for providing material improvements in cost data collection and monitoring (• Implement changes to collect/ process/report additional cost/value data 	PI&A Manager	Align with Plan No. 1 timeline
IOR(iii)	23	Assess scope to consolidate/simplify papers to reduce duplication	<ul style="list-style-type: none"> • Review current papers produced as part of wider Committee/I&P Sub-Committee work and make recommendations on options for streamlining • Implement agreed changes 	PI&A Manager	Align with Plan No. 1 timeline

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IOR(v)	24	Review how LPF infrastructure/'other real assets' should be monitored to ensure consistency of approach across Committee/Sub-Committee	<ul style="list-style-type: none"> Assess implications of I&P Sub.Com. monitoring LPF investment managers; identify options for improving consistency of approach and realistic workload impacts Once agreed, implement any necessary changes to relevant processes and documentation 	PI&A Manager	Qtr.1 2025
IOR(vii) IOR (ix)	25	Annual Investment Manager reporting to include: <ul style="list-style-type: none"> Longer-term performance trends, in addition to that of the last quarter (e.g. 3+ yr.); Explanation of attribution (key drivers) of performance 	<ul style="list-style-type: none"> Advise/Work with Investment Managers to implement additional performance related information in reports, for next reporting cycle 	PI&A Manager	2025/26 round of Investment Manager reviews
St.C 2.5	26	Improve information consistency, sufficiency, and quality to enable monitoring Fund's ESG objectives	<ul style="list-style-type: none"> Ref. actions for Plan No.'s 17, 18, 19, 20 above. 	PI&A Manager	As per timeline for actions 17-20
St.C 2.6	27	Expand data collected from managers via the annual 'Fund Manager Review' returns to determine performance against Fund's requirements and objectives	<ul style="list-style-type: none"> Identify additional data requirements and communicate additional requirements to investment managers. Revise Fund's 'Fund Manager Review' template. Monitor returns from managers; notify Sub-Committee of any managers failing to complete (adequate) returns. Compile analysis of returns and produce report for I&P Sub-Com. for September meeting 	PI&A Manager	Qtr.2 2024 Annually Annually
St.C 3.1	28	Dependent on available resource: Review opportunities for more direct engagement and collaboration, via LAPFF/similar organisations. Continue to improve monitoring of engagement and collaboration undertaken by managers.	<ul style="list-style-type: none"> Research relevant opportunities for direct/indirect engagement (via organisations (e.g. LAPFF, CIPFA, LGPS Fund initiatives etc.) Produce pragmatic engagement/collaboration plan, focused on Fund's ESG priorities and recognising best use of available resources. Monitor/report outcomes. Ref. TCFD Project plan, ESG metrics & reporting work, led by Isio 	PI&A Manager	2025/26 As per Plan No.'s 17, 18 & 20
IOR(viii)	29	Produce single list of managers/ mandates as reference document	<ul style="list-style-type: none"> Include list of managers/mandates in Induction Pack for Committee/Board members 	PI&A Manager	Qtr.2 2024

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Workstream 4: Risk Management & Assurance				Workstream Lead(s)	Completed
RA1	30	Fund to document how it complies with TPR Code(s), including the risk of non-compliance	<ul style="list-style-type: none"> • Produce statement of compliance with TPR’s Code and amalgamate within Governance Policy & Compliance Statement. Undertake work ahead of next scheduled review/update of GP&CS unless publication of TPR General Code pre-empts this timeline. • Risk of non-compliance incorporated into Risk Register Completed – no action required 	PI&A Manager CO A&R	Qtr.2 2024 at next GP&CS review Qtr.3 2023
St.C 1.4 RA(i) RA(ii)	31	Fund to: Refresh and rationalise risk register to provide more focus on priority risks and areas within the Fund’s control Develop clear definitions of impact & likelihood to assess risks and include in Committee reports Consider level of risk appetite and set target risk scores	<ul style="list-style-type: none"> • Risk Register refresh Completed – no action required • Clear definitions for risk categories Completed – no action required • Produce stand-alone risk management policy and strategy to outline the specific approach aligned to its objectives, governance and administration. 	CO A&R CO A&R CO A&R	Qtr.3 2023 Qtr.3 2023 Qtr.1 2024
RA2 St.C 1.5	32	To expand Fund’s Internal Audit remit to cover its specific risks (inc. ESG) and consider resource needed to provide this level of assurance	<ul style="list-style-type: none"> • Expansion of Internal Audit remit and requisite resource requirements approved by Committee for future Internal Audits. Completed – no action required 	CO A&R	Qtr. 1 2023