
BUSINESS PLAN PERFORMANCE UPDATE

Report by Director of Finance & Procurement

JOINT MEETING OF PENSION FUND COMMITTEE AND PENSION FUND BOARD

12 December 2023

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 2023/24 – 2025/26 Business Plan for the Pension Fund was approved by the Committee on 22 June 2023. 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 on 22 September 2023 it was agreed that a mid-year progress report on the business plan actions would be presented to Members at the December 2023 meeting and a further progress report and update at the June 2024 meeting.
- 1.4 There are 16 non-recurring tasks due for completion during 2023/24. 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 2023/24 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 2023/24 – 2025/26 business plan on 22 June 2023.
- 3.3 As part of the risk register update approved by Committee/Board on 22 September 2023 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 2023 meeting.

4 ACTION PLAN – PROGRESS UPDATE

- 4.1 The action plan approved at the joint meeting on 22 June 2023 detailed how the achievement of the objectives within the business plan would be measured. Appendix 1 shows the actions to be completed in 2023/24.
- 4.2 There are 16 non-recurring due for completion during 2023/24. As detailed in Appendix 1, all actions are progressing or are complete with exceptions and delays in delivery outlined in the table below.

P4-A1	Review of admission agreement	31/12/2022	Information to be finalised and shared with Fund Actuary for review, will need to be extended, discussion required between Officers and Fund Actuary to agree amended date
P4-A2	Review of employer guarantees	31/12/2022	As above re P4-A1
P5-A1	Complete full reconciliation of Guaranteed Minimum Pension between Fund & HMRC	30/09/2024	Continuing to progress, been impacted by the valuation requirements and will be further impacted through the recalculations required following settlement of the Pay Award for Scottish Borders Council. Will continue to progress, however, new target date
P7-A1	Implementation of workflow	31/12/2023	These are under consideration as part of the Stewardship Code and Governance Review, amend delivery dates will be required
P7-A2	Implementation of i-Connect	31/12/2023	A above re P7-A1

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: Director of Finance & Procurement

Author(s)

Name	Designation and Contact Number
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Background Papers: Pension Fund Business Plan 2023/24 – 2025/26

Previous Minute Reference: Joint meeting Pension Fund Committee and Pension Fund Board, 22 June 2023.

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?		Key Tasks	PI ref.	By whom?	By when?			IIA
Action No.	How we will achieve our objective ... (Action)			Owner	23/24	24/25	25/26	
P 1	Review Pension Strategies informed by 2023 Triennial Valuation Results	Monitor and report investment performance	P1-A1	P&I Manager	•	•	•	
		Undertake and complete Triennial valuation.	P1-B1	HRSS Manager	•			•
		Approval and implementation of 2023 Triennial Valuation employer contribution results, including update of Funding Strategy Statement	P1-C1	HRSS Manager				
			P1-C2	P&I Manager	•	•	•	•
P 2	Maximise investment performance	Review Strategic asset allocation following completion of 2023 valuation	P2-A1	P&I Manager		•		
		Implementation of approved strategic asset allocation	P2-B1	P&I Manager	•	•		
			P2-B2					

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PI ref.	How we will know we have achieved our objective ... (Performance Indicator)	Target	Non-recurring	Qtr	Ann
P1-A1	Fund Investment Performance at Benchmark	Attain or Exceed Benchmark return on annualised 3 Year Rolling Basis		•	
P1-B1	Triennial Actuarial Valuation Funding Level of assets against liabilities	100%	As at 31/3/2023 reported by 31/03/2024		
P1-B2	Data provision review to meet the requirements of Actuary	By 30/09/2023	•		
P1-C1	Correct employer contribution rates in Pensions System for each employer	By 30/06/2024			•
P1-C2	Pension Fund Committee approval of Funding Strategy Statement	By 30/06/2023			•
P2 – A1	Undertake full review of strategic asset allocation	By 30/09/2024	•		
P2 – B1	Agree plan for implementation of approved strategic asset allocation	By 31/12/2024	•		
P2 – B2	Action plan for strategic asset allocation implementation	By 31/12/2024	•		

What we want to achieve ... (Objective)

Deliver a High-Quality Pension Service to Members

How?		Key Tasks	PI ref.	By whom? Owner	By when?			IIA
Action No.	How we will achieve our objective ... (Action)				23/24	24/25	25/26	
P	3	Develop and Implement an effective Communication Strategy for the Pension Fund						
		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	●	●	●	●
		Annual Newsletter	P3-A5	HRSS Manager P&I Manager	●			
P	4	Ensure stability of Employers						
		Review of Employer covenants	P4-A1 P4-A2	HRSS Manager	●			
P	5	Ensure accuracy of Pension Records						
		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	●	●		
		Review Overpayment Policy	P5-A6	HRSS Manager	●			
		Review Privacy Notice	P5-A7	HRSS Manager	●			
P	6	Promotion of self-service facility						
		Promotion and Improvement of self-service facility	P6-A1 P6-A2	HRSS Manager	●			

				P6-A3	
P	7	System improvements to support home working			
		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	Non-recurring	Qtr	Ann
P3- A1	Review of Communications strategy and action plan	30/09/2023			•
P3-A2	Hold Annual Employer Liaison Meeting	1 meeting by 31/03/2024			•
P3-A3	Annual review of all forms, communication material, including annual benefit statements	31/08/2023			•
P3-A4	Development and publication of newsletter for publication and inclusion on Pension Fund website	31/12/2023		•	
P4-A1	Review of admission agreement	31/12/2023	•		
P4-A2	Review of employer guarantees	31/12/2023	•		
P5-A1	Complete full reconciliation of Guaranteed Minimum Pension between Fund & HMRC	30/09/2023	•		
P5-A2	Review of Common and Specific Data following annual review and return to The Pension Regulator.	31/12/2023			•
P5-A3	Review all guidance and communication on McCloud case implications	31/03/2024	•		
P5-A4	Review all guidance and communication on Goodwin case implications	31/03/2024	•		
P5-A5	Review all guidance and communication of Pensions Dashboard, engaging with Pension Admin system provider as necessary	31/12/2025			•
P5-A6	Review Overpayment Policy to ensure appropriate governance arrangements are in place	30/09/2023			•
P5-A7	Review the Privacy Notice to ensure this is in line with current data requirements	31/12/2023			•
P6-A1	Promotion of self service to all active and deferred members	31/08/2023			•
P6-A2	Implementation of updated version of Self Service on a like for like basis	31/12/2023	•		
P6-A3	Consider additional enhancements being developed for Self Service	31/12/2023	•		
P7-A1	Implementation of workflow	31/12/2023	•		
P7-A2	Implementation of i-Connect	31/03/2024	•		

P7-A3	Digitisation of historical records	30/06/2024	•	
P7-A4	Promotion of online payslips and P60's	31/03/2024		•

What we want to achieve ... (Objective)

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

How? Action No.	How we will achieve our objective ... (Action)	Key Tasks	PI ref.	By whom? Owner	By when?			EIA
					23/24	24/25	25/26	
P 8	Continue to develop robust governance and risk management							
		Review and update Governance Policy and Compliance Statement	P8-A1	P & I Manager	•	•	•	•
		Develop and deliver 2023/24 Training Programme	P8-A2 P8-A4	P & I Manager	•			
		Implement monitoring per Responsible Investment Policy	P8-A5 P8-A6	P & I Manager	•			
		Review and update Pensions Administration Strategy	P8-A3	HRSS Manager	•	•	•	•
		Ensure the Pension Fund in prepared to meet any future reporting requirements from the Stewardship Code 2020	P8-A7 P8-A8	P & I Manager	•	•		
		Implementation of The Pension Regulator "Single Code"	P8-A9 P8-A10	HRSS Manager P&I Manager	•			
P 9	Review services provided by IT providers to ensure data is secure and adheres to cyber security requirements							
		Implement annual assurance requirement for IT providers	P9-A1 P9-A2 P9-A3	HRSS Manager	•	•	•	•
P 10	Review services provided externally to ensure that these represent best value to the Fund							
		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

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PI ref.	How we will know we have achieved our objective ... (Performance Indicator)	Target	Non Recurring	Qtr	Ann
P8-A1	Pension Fund Committee approval of Governance Policy and Compliance Statement	30/06/2023			•
P8-A2	Pension Fund Committee approval of Training Policy and Training Programme 2023/24	30/06/2023			•
P8-A3	Pension Fund Committee approval of Pensions Administration Strategy	30/09/2023			•
P8-A4	Training Needs Self-Assessment Levels from 2022/23 to 2023/24	30/06/2023			•
P8-A5	Agree Action plan for implement of Responsible Investment monitoring	30/06/2023	•		
P8-A6	Provide revised responsible investment monitoring report format	31/12/2023			•
P8-A7	Undertake review of Stewardship Code 2020 and recommendations for adherence	31/12/2023			•
P8-A8	Implement recommendation from Stewardship Code review	30/09/2023	•		
P8-A9	Undertake review of TPR Single code and highlight changes required to meet the new code	30/09/2023	•		
P8-A10	Implement changes required to meet code requirements	31/12/2023	•		
P9-A1	Request assurance of cyber security policy being in place from Aquila Heywood on an annual basis	30/09/2023			•
P9-A2	Request assurance of cyber security policy being in place from CGI on an annual basis	30/09/2023			•
P9-A3	Request assurance of cyber security policy being in place from Hymans Robertson on an annual basis	30/09/2023			•
P10-A1	Undertake procurement exercise for Custodian	30/09/2023	•		
P10-A2	Undertake procurement exercise for Actuary	31/12/2024	•		
P10-A3	Undertake review of provision of Pension Administration system	31/03/2023	•		