

GOVERNANCE ACTION PLAN

Report by Director of Finance & Procurement

JOINT PENSION FUND COMMITTEE AND PENSION FUND BOARD

04 March 2024

1 PURPOSE AND SUMMARY

- 1.1 The purpose of this report is to provide the Pension Fund Committee and Pension Fund Board with an update position of the Pension Fund Governance Action Plan to 31 December 2023.**
- 1.2 The Governance Action Plan encompasses recommendations from the independently produced Governance Review report and the Fund's Stewardship Code report December 2022. It provides a high-level plan for how these will be progressed and implemented 2023/24.
- 1.3 It was agreed that the work be delivered through a project management approach and the work has been structured into four workstreams. This will help provide additional focus and momentum, as well as regular project monitoring and reporting.

2 RECOMMENDATIONS

It is recommended that the Committee reviews and notes the completed actions in the 2023 Governance Action Plan, up to December 2023 (Appendix 1).

3 BACKGROUND

- 3.1 Scottish Borders Council Pension Fund commissioned a review of its governance arrangements in 2022. This review was undertaken by an independent pension consultant in late 2022 and the report was presented to the Joint Pension Fund Committee & Pension Fund Board at its meeting on 12th December 2022. The report identified the strengths of the Fund's existing governance arrangements, as well as outlining recommendations for improvement.
- 3.2 In its December 2022 meeting, the Interim CEO at the time, suggested that an Action Plan be produced by officials, to address the recommendations raised in the Governance Review report. This was agreed by the Committee. Subsequently, the plan scope was extended further, to include actions arising from the Stewardship Code report.
- 3.3 The Governance Action Plan has been created in Project Management format to monitor and progress actions accordingly by Human Resources & Shared Services Manager (HRSS), the Chief Officer Audit & Risk (COA&R), the interim Pension & Investment Manager and the Director of Finance & Procurement (DF&P). Project plans previously submitted by Isio (e.g., TCFD, responsible investment etc.) have also been referenced for other areas of the Action Plan.

4 ACTION PLAN - PROGRESS UPDATE

- 4.1 Appendix 1 contains the completed Pension Fund Governance Review and Stewardship Code Actions 2023/24 (Governance Action Plan) up to December 2023. This shows that all actions which were due to be delivered in the final quarter of calendar year 2023 have been completed.
- 4.2 The sections of the Governance Action Plan are:
- a) A summary of what has been done by category.
 - b) The Fund's aims and objectives.
 - c) A summary of successes and areas for improvement; including the actions completed in 2023, Quarterly.
 - d) Key stakeholders.
 - e) An overview of the Fund's resources.
 - f) Progress update.

5. IMPLICATIONS

5.1 Financial

The implementation of the actions in the Action Plan may require the Fund to engage additional external resources, expertise and/or incur additional systems related costs. It is possible that some additional resources may be required, to ensure timely implementation of parts of the plan. The level of such support is currently difficult to estimate without a more detailed assessment of needs but will be reported to Committee once available.

5.2 Risk and Mitigations

This report recommends the implementation of an Action Plan, which will strengthen the governance framework and operation of the Pension Fund and reflects compliance with the best practice recommendations. There are no additional risks identified from the recommendations in the report.

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.

5.4 Sustainable Development Goals

There are no direct impacts from this report on the sustainable development goals of the Council. The recommendation however within the report will ensure the monitoring and reporting of the Fund against the goals are enhanced.

5.5 Climate Change

There are no direct climate change impacts because of this report. The recommendations within the report, however, will ensure the appropriate focus on good governance practice and improving, monitoring, and reporting responsible investment activity on the Fund’s activities, is maintained in future.

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

A small number of proposed actions will possibly result in some changes to the Scheme of Administration or the Scheme of Delegation. This relates specifically to the remit of the Pension Fund Committee and, potentially, that of the Investment & Performance Sub-Committee.

6 CONSULTATION

6.1 The Monitoring Officer/Chief Legal Officer, the Chief Officer Audit and Risk, the Service Director HR & Communications, the Clerk to the Council and Corporate Communications are being consulted and any comments received will be reported to the meeting.

Approved by

Suzy Douglas

Signature

Director of Finance & Procurement

Author(s)

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Background Papers: Previous Minute Reference: Joint Pension Fund Committee and Pension Fund Board – 12th December 2023

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