

Scottish Borders Council Pension Fund

Business & Governance Plan 2024/2025 – 2026/2027

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About the Pension Fund

This section gives an overview of our services.

Local Government Pension Scheme

- Scottish Borders Council an Administering Authority for the Local Government Pension Scheme (LGPS)
- Defined Benefit Pension Scheme
- LAPF – LGPS Fund of the Year (Assets under £2.5 billion) winners in 2021

Pension Fund Governance

- Functions of Administering Authority overseen by **Pension Fund Committee**
- Regulatory compliance support provided by **Pension Fund Board**
- Financial Scrutiny undertaken by Audit Committee
- Supported by external Custodian, Actuary and Investment Adviser
- Governance arrangements set out in Governance Policy and Compliance Statement

Pension Fund Funding & Investments

- **£937m Net Investment Assets** under management
- **134%** of estimated liabilities as 31 March 2023 funded – per Triennial Actuarial Valuation
- 25 Investment Managers managing funds 37 different mandates
- Investments in Equities, Gilts & Bonds, Alternative Assets, Private Credit, Property and infrastructure
- Accounting and Administration of Investments undertaken by the Council's Pensions and Investments Team
- AVC option provided by Standard Life

Pensions Administration

- **12,879 members** – 4,836 actively contributing to the Fund
- **4,848 pensioners** in receipt of LGPS pension from the scheme amounting to **£32.7m p.a. in pension benefit payments**
- 17 Employer Bodies – Scottish Borders Council with 90.3% of the membership
- Administration of Pension Benefits undertaken by the Council's HR Shared Services Team

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What we *must* do

This section gives an overview of the most significant legislative requirements affecting our services. This list is not exhaustive.

Where changes to services have been proposed within the Service Directorate Business Plan the individual Service Area concerned will have reviewed the proposed change(s) with due regard to the relevant legislative powers and duties.

Legislative power	Duty to ...	Other Directive(s) ...	Mandatory	Discretionary
General Code of Practice (March 2024)	The General Code consists of 51 shorter modules and consolidates and replaces 10 of TPR's existing codes of practice on the governance and administration of pension schemes	Guidance Published by The Pensions Regulator	✓	
Public Service Pensions Act 2013	Sets out the parameters of the Public Service Pension Schemes, the design of the benefits and the governance arrangements including the identification of The Pensions Regulator as the regulator for Public Service Pension Schemes.	Guidance Published by The Pensions Regulator	✓	
Local Government Pension Scheme (Scotland) Regulations 2018 and subsequent Amendments	Sets out the benefits payable and the duties of the Council as administering authority of for a pension scheme for persons working in local government service		✓	
Local Government Pension Scheme (Management and Investment of Funds) (Scotland) Regulations 2016	Sets out the parameters around the management and investment of the pension assets and the creation of a separate bank account.		✓	
Local Government Pension Scheme (Governance) (Scotland) Regulations 2015	Sets out the requirements for Scheme Advisory Boards and Pension Boards		✓	
Local Government Pension Scheme (Transitional Provisions and Savings) (Scotland) Regulations 2014	Sets out the transitional arrangements for the Council in relation to the transition to the new scheme set out in the 2014 regulations		✓	

Key: **Legislative power**, i.e. by statute, **Duty to**, i.e. list of main legal duties, **Other Directive(s)**, i.e. not covered by statute, **Mandatory**, i.e. we have to, **Discretionary**, i.e. we have the power to but not required to, **Partnership / Service Level Agreement (SLA)**, i.e. done in partnership / on behalf of

Our Aims and Objectives

Primary Aim of the Pension Fund

To provide for members' pension and lump sum benefits on their retirement or for their dependants' benefits on death before or after retirement, on a defined benefits basis.

Achieved through the following Objectives:

Funding Objectives of the Pension Fund

- 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
- Build up the required assets in such a way that produces levels of **employer contribution that are as stable** as possible through:
 - Ensuring effective and efficient management of employer's liabilities; and
 - Allowing the return from investments to be maximised within reasonable risk parameters.

Pensions Administration Objectives of the Pension Fund

- Deliver a **High-Quality Pension Service to Members** through:
 - Continually developing and improving efficient working arrangements, making use of digital means where possible; and
 - Striving to exceed the Fund's service standards

Governance Objectives of the Pension Fund

- Ensure that Scottish Borders Pension Fund is **managed effectively, transparently and in compliance with regulations**

Our Successes, Areas for Improvement and Self-Assessment

This section gives an overview of our recent successes and areas of service delivery that could be improved, as well as feedback we have received.

	Successes	Areas for Improvement/Development
Pensions Administration	- Annual Benefit Statements issued on time via Members Self Service for active and deferred members. - Ongoing review of manual off-system processes to ensure they are fit for purpose and making use of technology where possible. - Processed payments to pensioners in accordance with recognised timelines in all instances - Provision of member details to Fund Actuary as required to support Triennial Valuation and Annual Reporting - Recalculation of Pension Benefits following delayed implementation of Pay Award for SBC scheme members	- Continue to improve engagement with Employers and potential scheme members via website and Members Self Service portal. - Changes to the models of service delivery will require increased focus on the admitted bodies and their agreements. - Conclude the GMP reconciliation project. - Implementation of I-connect to increase automation of provision of employer information to the Fund. - Digitisation of historic scheme member records - Preparation for McCloud, Goodwin and Pensions Dashboard
Pension Funding and Investments	3-year performance to March 2024 with investment returns of 3.2% on a rolling 3 year annualised basis compared to a benchmark of 8.4% 1 year performance of 9.1% against benchmark of 12.5%, in volatile market conditions - Review and improvement to Responsible investment including identification of key priorities. - Review of strategic asset allocation and good progress on its implementation	- Further develop the Funds policy and continue with Responsible Investment Strategy. - Continue to adhere to TCFD reporting requirements. - Review Investment Strategy; consider reducing Investment Risk and number of Investment Managers.
Pension Fund Governance	- Completion of 2023/24 Training program - Regular reviews of Risk Register - No actions arising from External Audit of the Annual Report & Accounts 2023/24 - Completion of General Code compliance checker; results will be used to determine level of compliance and actions required for 2024/25. - Signatories of Stewardship Code for 2 consecutive years - Issued first Scheme Newsletter March 2024	- Continue to develop the knowledge and skills for all members of Pensions Committee and Board; training day to be organised for Q3 2024. - Updating of all Policy and Strategy documents in line with the legislative changes - Review results of General Code compliance checker and formulate plan to address any required actions. - Comprehensive annual review of Risk Register - Complete actions outlined from Stewardship Code.

Managing Our Performance

This section gives an outline of how performance will be measured, monitored and managed.

Pension Administration

- The **Pension Administration Strategy** (approved in March 2024) sets out the service standards that Employers can expect from the Fund and those expected from each Employer within the Fund.
- The annual performance against these service standards and performance measures set out in the Pensions Administration Strategy will be reported to the joint Pension Fund Committee/Pension Board meeting and then incorporated into the Fund's Annual Report and Accounts.

Investment Performance

- The **Statement of Investment Principles** (approved 4th March 2023) sets out the target long-term annual investment return for the Fund's assets of at least 3.8%. It also details the performance targets for each of the investment fund managers used by the Fund to benchmark returns, the service standards that Employers can expect from the Fund, and those expected from each Employer within the Fund.
- The quarterly performance report by the Investment Adviser is reviewed at the joint Pension Fund Committee/Board meetings. In addition, all of the investment managers attend at least one of the 4 monthly meeting of the Pension Fund Investment and Performance Sub-Committee to present a more comprehensive update on their performance.
- The Fund's Annual Report and Accounts will report the annual position and the annualised three year rolling average performance of the Fund and compare this against the Fund's benchmark and other Local Authority Pension Fund performance.
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Funding Levels

- The **Funding Strategy Statement** (approved 21st March 2023) sets a target of 100% funding level and stable employer contributions; this is assessed every three years by the Fund's Actuary.
- The last triennial valuation was undertaken as at 31 March 2023 and reported a certified 134% funding level and stability of employer contributions for open and active employer bodies.

Governance

- The Fund is required to report on its Governance in the Fund's Annual Report and Accounts. This includes an Annual Governance Statement and a Governance Compliance Statement.

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Statutory returns

The Fund makes a number of statutory and other returns to Scottish Government, the Scheme Advisory Board and third-party agencies / organisations, including the Office of National Statistics.

Benchmarking

Finally, the Fund is committed to assessing how it is performing and uses an independent performance service to provide additional analysis to assess investment performance relative to the market at a Fund, asset class and investment manager level.

Officers participate in the Scottish Pensions Liaison and Investments & Governance Groups which shares good practice and gather comparative data on administration and investments across the 11 Scottish LGPS Funds.

The following Table provides an analysis of how the Fund's investments performed against the Fund's own benchmark:

Return on Investment as at 31/3/2024	1 year rolling return		3 year rolling return	
	Fund %	Bench ¹ %	Fund %	Bench ¹ %
Total Fund	9.1	12.5	3.3	8.3
Global Equities	18.5	21.5	4.9	11.1
UK Equities	6.2	8.4	1.8	8.1
Bonds	6.2	3.7	-0.3	-0.2
Alternatives	5.7	8.8	5.2	7.5
Property	-3.5	6.2	-0.5	11.0
Cash	-	-	-	-

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Governance Action Plan

Rec. No.	Recommended Actions	Action: Yes/No/Possibly	Review Date	Rationale
Key Recommendations - Governance Structure: Policy, Process & Oversight				
GP1	The Fund should ensure that the roles of the Committee and Board members are distinct and clearly understood by all members and officers, including potential conflicts of interest.	Y	Q1 2024	Clearly defined respective roles of Board & Committee. Both Chairs to ensure role delineation is clearly maintained before/during joint meetings.
GP2	The Pension Board's constitution should be reviewed and updated	Y	Q1 2024	Reviewed annually to ensure meets requirements defined in Scheme of Administration. Interim Scheme of Administration at 28 September 2023
GP3	The remit of the Pensions Committee should include the assessment of the effectiveness of the Fund's systems of control including the agreeing internal audit plans and reviewing the outcomes of internal audits.	Y	Q1 2024	Reviewed remit in line with recommendations. Internal audit plan approved 4 March 2024.
GP4	The Fund should review the make-up and business of the Investment Sub-Committee.	N	-	No action proposed. Current provisions provide for in depth discussions with Investment Mgrs. on performance/required improvements. Whilst requiring additional time commitment, from members, the role of the Sub-Com. provides an essential in-depth performance monitoring/ managing role and provides for very open and frank discussion/reviews.
GP5	The Fund's training approach could be more specific to the needs of members including ensuring awareness of key documentation, assessing knowledge, and extending the Training Policy to senior officers.	Y	Q2 2024	Skills assessment completed annually by Committee and Board to identify target areas for training. Results from assessment used to provide focussed training day. Additional conferences, seminars and Investment managers update sessions will be made available to all Committee and Board members.

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GP6	2. The Fund should put in place new policies for the management of conflicts of interest and the reporting of breaches. This is a recommendation of the 'Good Governance Review'.	N		No action proposed. The Fund currently uses SBC policy on Conflict of Interest/reporting of breaches, and this is thought to be sufficient at present. Review position considering any General Code requirements once analysed.
Additional Recommendations - Governance Structure: Policy, Process & Oversight				
(i)	Pension Committee The Fund should review the Scheme of Administration (SoA) and address the following matters: - consider articulating its expectations of the Committee in more detail to ensure it considers key aspects of running the Fund. Review the make-up and business of the Investment Sub-Committee (not to be actioned – see note on GP4) Board members should not be members of the Investment Sub-Committee. - set out the Council's expectation that members of the Committee comply with the Fund's training policy. - Consider having member and/or employer nominated members on Committee with voting rights. Fund's Training Policy sets a minimum attendance at two Committee meetings, but not for attendance at the Investment Sub-Committee. The Fund should review this.	Y	Q1 2024	Reviewed and SoA/Committee remit as, taking account of the recommended points. No update was required to SoA. Defined roles of Pension Committee and Board noted in SoA. Expectations of Roles to be carried out by Board and Committee clearly communicated annually during Pension and Board training sessions.
(ii)	Pension Board Ref 'Review and update the Pension Board Constitution' (GP2) The Board should produce an annual report on its activities, to be included in the Fund's Annual report.	Y	Q1 2024	Reviewed best practice for Board Constitution and confirm current SBCPF Board meets expectations.

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	- During the appointment process and annually thereafter, members should be required to declare interests, with a register of interests available on the website. - How and when the members of Board who attend the Investment Sub-Committee are selected.			
(iii)	Elected member(s) from the Council are members of the Board which could arise in specific potential conflicts of interests. <i>The Fund should ensure that it is comfortable that such conflicts can be managed.</i>	Y	Q3 2024	Discuss potential issues/concerns with Board Chair/members.
(iv)	Board to consider meeting <i>before</i> Committee meetings to discuss any potential areas for scrutiny/challenge; Board attendees to Investment Sub-Committee can provide an update on investment matters.	Y	Q3 2024	Board Chair to discuss with Board members and revise/keep arrangements accordingly.
(v)	Papers, minutes of meetings and the Council's website should clearly distinguish between members of the Committee and Board and a procedure developed to ensure website content is reviewed and updated on a timely basis.	Y	Q1 2024	Provide Fund Secretariat with details of Committee & Board membership, for minutes/papers etc. and produce procedure for reviewing/updating Fund website for inclusion in Communications Policy.
(vi)	The Fund may also wish to consider asking the Scheme Advisory Board to review the template constitution for pension boards.	N		No Action proposed. SBCPF will review/revise its Pension Board Constitution, as above.
(vii)	General Oversight Every 3 years, the Committee should consider the report undertaken by the Government Actuaries Department (GAD) for the Scottish Government (Section 13 report) which analyses the funding positions of the Scottish LGPS funds.	P	Q1 2024	Hyman Robertson provides summaries of GAD reports and link to full reports. Summary information is provided to Committee, based on items of specific relevance to SBCPF.
(viii)	The Fund should consider obtaining an update on the funding position between the formal actuarial valuations (e.g., annually). This would help to put the short-term investment performance into perspective and maintain members' awareness of funding.	P	Q1 2025	Assess views of Committee and costs of provision.
(ix)	Training (Ref notes for GP5)			

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	Member Training: • Fund documentation refers to an induction pack/list of key documents members are expected to be familiar with, but not all are. The profile of these documents should be raised, and for members to confirm familiarity with them on a regular (annual?) basis. • The Fund should consider assessing training needs based on knowledge (as opposed to members' perception of knowledge). • Training plans should address needs of all individuals (e.g., more bespoke plans when training needs vary/different plans for Committee and Board.) • Ensure the training plans address the needs of members (e.g. more targeted training on the specific issues facing the Fund) • The minimum training is set at 2 training sessions per year, irrespective of duration, subject or knowledge gained. More specific minimum requirements should be considered. • Regularly review the effectiveness of training sessions. This could be done by assessing the knowledge gained.	Y	Q2 2024	These additional recommendations in (ix) and (x) would be included in the 'package' of work on training, outlined in notes on GP5.
(x)	Senior Officer Training: • Extend the Training Policy to senior officers including deputy for the Section 95 officer. [Training & Evaluation is also an action for the Stewardship Code Report]			
Key Recommendations - Service Provision & Performance Monitoring & Evaluation				
SP1	Assess Fund's resource needs, to ensure pension functions are efficient/effective.	Y	Q3 2024	Role of Pension Investment & Accounting Manager. revised to be 100% dedicated to pension fund. Manager appointed February 2024.

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	The Fund should ensure appropriate procedure manuals/timetabling are in place for key tasks to reduce impact of staff changes.			Procedures: payroll activity already timetabled. Other administration procedures partially recorded/need updating, in line with ongoing review to make best use of technology. Investment and accounting procedures currently under review to be fully documented by Q3 2024. Undertake evaluation of current procedures. Identify critical gaps/changes required etc. across both Pension Administration & Investment areas for creation/update of manuals.
SP2	Consider single officer role, managing all pension functions/most of their time dedicated to pension matters.	N		Pensions Investment & Accounting Manager role now 100% dedicated to the Fund. Changes to structure/reporting lines would create resourcing/service delivery challenges to existing integrated structure. Review to ensure compliance with General Code. Single officer not a requirement for SBCPF.
SP3	Expand Pensions Administration Strategy to include performance standards for internal pension service provision to Fund members, enabling performance to be monitored/managed.	Y	Q1 2024	This is priority for Pensions Administration Team. Identifying/implementing relevant metrics in line with team functionality. Metrics must be proportionate to the size of the team.
SP4	Data improvement plan should be developed and implemented.	Y	Q2 2024	Work already well progressed and in preparation for Pension Dashboards. Agreement in place to sign contract with Heywood Technology for delivery of this, Data Protection Impact Assessment (DPIA) required before this can be signed.
SP5	The Fund should regularly review the risks and resources of maintaining two systems for pensioner payroll.	P	Q1 2025	There are some significant risks/costs in moving to a single system, due to reliance on interfaces with a number of other internal/external systems. A cost-benefit-analysis to be produced to identify/assess options, pros/cons & costs.

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SP6	Benchmarking of administration and investment should be undertaken on a regular basis, including cost and performance, with results reported to Committee.	Y	Q2 2024 for Inv TBC for PA	SBCPF currently uses CEM for investment benchmarking. In Pensions Administration there is currently limited benchmarking carried out as part of the CIPFA Directors of Finance
Additional Recommendations - Service Provision & Performance Monitoring & Evaluation				
(i)	The Fund could consider the appointment of an independent adviser to provide support for officers, Committee and Board, helping to scrutinise advice from investment consultants and other advisers.	P	2025/26	Assess potential benefits/costs and what the scope of an 'independent' role might be, to provide best value to Fund. Investment & Accounting Manager now in situ, scope within role to review and challenge existing investments.
(ii)	The budget and business plan should be considered by Committee at the same time, ensuring the implications of the business plan are included in the budget.	Y	Q2 2024	Appraise implications of aligning plan and budget timetables.
(iii)	The Fund should regularly survey members and employers to gain feedback on the service, for example after specific interactions (new joiners, retirements, deaths, employer events) or more generally on a periodic basis. [Also, an action for Stewardship Code Report]	Y	Q1 2024	First annual member newsletter, introduced in March 2024. A member survey is also planned for later in 2024 to elicit member feedback.
(iv)	The business plan and budget could include more extensive performance measures for example in areas such as communications, member self-service (registration and regular logins), employer data processing, customer satisfaction and data quality.	Y	2025/26	Can be undertaken once new processes/ performance metrics are embedded and providing reliable performance data
(v)	Efforts have been made recently to expand the use of the pensions administration system including online access for members, document management and data analysis tools. Further automation should be considered including the use of workflow and electronic transfer of data from employers to further increase efficiency and reduce risk.	P	2025/26	Monitoring/measurement of new performance metrics may require automated support. Produce cost-benefit-analysis assessing requirements, options, pros/cons and likely costs.
(vi)	Performance against the Pensions Administration Strategy is currently reported to Committee on an annual basis. Performance should be monitored by Committee more frequently (at least every 6 months, if not quarterly) to be better informed of potential pressures on the service and ensure action is taken if necessary. (The service standards should also be extended to the services for members.)	Y	2025/26	Provide at 6-month intervals initially, until metrics are developed/implemented and assessed for reliability. Reporting frequency can then be reviewed.

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(vii)	The Fund should regularly monitor the performance of the external provider of the Additional Voluntary Contributions (AVCs) facility, both investment and administration performance. The last review done in November 2018. The Fund should communicate to members with AVC arrangements to remind them of the importance of monitoring their AVC investment choices	Y	2025	Last reviewed in 2018. Propose review 7- year cycles, making next one 2025. This allows new providers of AVC platforms and various cost benefits of changing provider to be assessed, prior to date of review
Key Recommendations – Investment Oversight & Reporting				
IOR1	Consolidating the large number of investment managers/mandates to a smaller number of asset classes could aid Committee’s understanding of the key issues.	N		No action proposed. The number of investment managers/mandates is driven by the Fund’s Strategic Investment Policy. In relative terms, the LPF IFM includes a high number of managers for the investment size, which skews the overall figure.
Additional Recommendations – Investment Oversight & Reporting				
(i)	Ensure the agenda for Investment Sub-Committee aligns with its remit. There are some aspects of the Sub-Committee’s remit which have not been addressed recently (Statement of Investment Principles, overseeing the custodian and consideration of the risk register).	Y	Q2 2024	Review as part of wider Committee remit and Investment & Performance Sub-Committee work and revise as required.
(ii)	There has been a significant drive in the investment industry to achieve greater transparency of investment costs. The ISC could review the investments costs on a periodic basis (e.g. annual) which would increase awareness of asset classes and investment managers and hence inform future decisions	Y	Q2 2024	
(iii)	There could be ways to consolidate/simplify papers to reduce duplication. See also the previous comments on the review of the Investment Sub-Committee.	Y	Q1 2024	Merged Business Plan and Governance Plan to avoid duplication. Removed Risk section from Business Plan as it was duplication of the Risk Report.
(iv)	Given the complex investment arrangements, consider delegation of some (less significant) manager decisions/oversight to officers, so Committee can consider the most significant holdings (subject to there being sufficient officer resource and expertise).	N		No action proposed. Deemed unnecessary for smaller funds, such as SBCPF.
(v)	The monitoring of the infrastructure/’other real assets’ mandate advised by the Lothian Pension Fund is considered by Committee, not	Y	Q4 2025	Implement when next review of investment manager due.

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	the Investment Sub-Committee. In future, comparison of the internal infrastructure mandate with the newly appointed infrastructure IFM will be important. The approach to monitoring should therefore be reviewed to ensure consistency.			
(vi)	The Investment Sub-Committee have agreed a framework to assess the Fund's investment adviser. The final assessment of the provider should be agreed by the Committee.	Y	Q4 2025	Signed off in 2021 for 5+2 years – will review in 2025
(vii)	The reports on specific investment managers are detailed but they tend to focus on the most recent quarter's performance and activity. The Committee typically meets with managers annually; therefore, the reports could focus on such longer-term periods. Performance for periods of more than 3 years would also help.	Y	Q2 2024	New format Investment Performance report to be produced by ISIO which will provide more focus on manager flags rather than detailed manager summaries. The change is designed to streamline the reporting and we expect it to allow the Sub-Committee to focus more easily on relative strategy and fund issues.
(viii)	A single list of managers/mandates might be a helpful reference document given the complexity of the Fund's investment structure.	Y	Q2 2024	To be provided alongside new Investment Performance Report.
(ix)	The attribution (i.e. an explanation of the main drivers) of investment performance could aid understanding of the key issues.	Y	Q2 2024	As above (vii).
Key Recommendations- Risk Management & Assurance				
RA1	The Fund should document how it complies with The Pensions Regulator's Code(s) and include the risk of non-compliance in the risk register.	Y	Q2 2024	Incorporate in next review/update of Governance Policy & Compliance Statement. Risk of non-compliance is now incorporated in refreshed Risk Register, approved by Committee at September 2023 meeting.
RA2	The Fund's internal audit should be expanded to cover the Fund's specific risks. The Fund should also review the resource needed to provide assurance on the key risks.	Y	Q1 2024	Expansion of internal audit scope, agreed by Committee and included in 2023/24 audit plan. Additional audit resource/time was allocated to reflect this.
Other Recommendations - Risk Management & Assurance				
	Risk			
(i)	The Fund should develop clear definitions of impact and likelihood used to assess risks and include them in Committee reports. These	Y	Q4 2024	Clear definitions for risk categories already included in risk prioritisation matrix & process

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	could help Committee and Board to scrutiny of the risk register (If not already in place).			guide. Training for members has also been provided.
(ii)	The Fund could consider the level of appetite for risk and set target risk scores to ensure focussed action.	Y	Q4 2024	A stand-alone policy & strategy has been developed which will cover risk appetite, target risk scores and other good risk management practices, this was approved at the March 2024 meeting.
(iii)	Audit/Assurance The results of internal audits are currently reported to the Audit & Scrutiny Committee of the Council. The outcomes of internal audits relating to the pension functions should be reported to the Pension Fund Committee to make them aware of the risks relating to the pension fund.	N		No action necessary. This recommendation is based on a misunderstanding of the current process. Internal audit outcomes are already reported to the Committee, in the Internal Audit Annual Assurance Report.

Use of Bold Text:

The independent consultant who undertook the 'Review of Governance Report for Scottish Borders Council Pension Fund' used bold text to indicate the actions considered to be most important to the Fund. This has been replicated in this table, to ensure the recommended levels of priority continue to be illustrated.

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Our Action Plan

Actions successfully completed during 2023/24

Key Tasks	PI ref.	Actions	Completed
Monitor and report investment performance	P1-A1 IOR (vii)	Fund Investment Performance at Benchmark on quarterly basis	Presented quarterly to Joint meeting
Undertake and complete Triennial valuation.	P1-B1 GP (vii)	Approval and implementation of 2023 Triennial Valuation employer contribution results, including update of Funding Strategy Statement	Completed and approved by Committee 4 March 2024
Implementation of approved strategic asset allocation	P2-A1 IOR	Agree plan for implementation of approved strategic asset allocation	Completed and approved by Committee 4 March 2024
	P2-A2 IOR	Action plan for strategic asset allocation implementation	
Review Communication Strategy and Action Plan in line with best practice and technological advancements	P3-A1 GP(v)	Review of Communications strategy and action plan	Revised strategy approved 22 September 2023
Continue to proactively manage and engage Pension Fund Employers	P3-A2	Hold Annual Employer Liaison Meeting	Regular communication and employer meeting 21 March 2024
Review all forms and communication material, including annual benefit statements	P3-A3	Annual review of all forms, communication material, including annual benefit statements	Annual Benefit statements were reviewed prior to production and loading to MSS. Other forms continue to be reviewed with a view to digitising wherever possible
Annual Newsletter	P3-A4	Annual Newsletter to be distributed.	Annual newsletter distributed March 2024.
Pensions Dashboard	P5-A4	Review all guidance and communication of Pensions Dashboard, engaging with Pension Admin system provider as necessary	Agreed at 22 June 2023 meeting that we will be using Heywood Technologies, contract to be signed as soon as DPIA is agreed, implementation date in October 2025 now announced
Overpayment Policy	P5-A5	Overpayment Policy	Policy approved 13 December 2022, review carried out during 2023/24 with no changes required, will remain under annual review.

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Review Privacy Notice	P5-A6	Review the Privacy Notice to ensure this is in line with current data requirements	Reviewed during 2023/24, will require further review with future legislative requirements
Promotion of Self-Service facility	P6-A1	Promotion of self service to all active and deferred members	Initially rolled out in August 2021, continuing to promote the benefits of the system to all active and deferred members through various communication channels with all Admitted Bodies
Promotion of online payslips and P60's	P7-A4	Promotion of online payslips and P60's	Ongoing promotion and highlighted to any members who contact the Fund and included in new Pensioner communications
Review and update Governance Policy and Compliance Statement	P8-A1	Pension Fund Committee approval of Governance Policy and Compliance Statement	Completed and approved 22 June 2023
Review and update Pensions Administration Strategy	P8-A4	Pension Fund Committee approval of Pensions Administration Strategy	Completed and approved 4 March 2024.
Develop and deliver 2023/24 Training Programme	P8-A2	Pension Fund Committee approval of Training Policy 2023 and Training Programme 2023/24	Completed and approved 22 June 2023
	P8-A2	Training Needs Self-Assessment Levels from 2022/23 to 2023/24	
Review and update Responsible Investment Policy and annual reporting	P8-A3	Review current and developing best practice for responsible investment	Monitoring report approved 23 June 2023
	P8-A3	Review current and developing best practice for responsible investment	Responsible Investment plan updated and approved September 2023. Work continues to implement
Review services provided by IT providers to ensure data is secure and adheres to cyber security requirements	P9-A1	Request assurance of cyber security policy being in place from Aquila Heywood	Completed for 2023/24 with updates provided to Joint Meeting
	P9-A1	Request assurance of cyber security policy being in place from CGI	
	P9-A1	Request assurance of cyber security policy being in place from Hymans Robertson	

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This section gives an overview of the **ACTIONS** that will be undertaken to achieve our objectives, the **PERFORMANCE INDICATORS** that will show whether we have achieved our objectives and the **RISKS** that will detail what may stop us from achieving our objectives.

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 we will achieve our objective ... (Action)	Key Tasks	Ref.	Owner	24/25	25/26	26/27	IIA
P1	Review Pension Strategies informed by 2023 Triennial Valuation Results						
	Monitor and report investment performance	P1 A1		•	•	•	
	Undertake and complete Triennial valuation.	P1 A2	HRSS Manager PI&A Manager			•	•
	Approval and implementation of 2023 Triennial Valuation employer contribution results, including update of Funding Strategy Statement	P1 A3	HRSS Manager PI&A Manager	•	•	•	•
P2	Maximise investment performance						
	Review Strategic asset allocation following completion of 2023 valuation	P2 A1	P&I Manager	•			
	Implementation of approved strategic asset allocation	P2 A2	P&I Manager	•			

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-A2	Triennial Actuarial Valuation Funding Level of assets against liabilities	100%	As at 31/3/2026 reported by 31/03/2027		

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P1-A3	Data provision review to meet the requirements of Actuary	By 30/09/2026			•
P2-A1	Pension Fund Committee approval of Funding Strategy Statement	By 30/06/2024			•
P2-A2	Undertake full review of strategic asset allocation	By 30/09/2024			•
P2-A1	Agree plan for implementation of approved strategic asset allocation	By 31/12/2024			•
P2-A2	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 we will achieve our objective ... (Action)		Key Tasks	Ref.	Owner	24/25	25/26	26/27	IIA
P3	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	HRSS Manager PI&A Manager	•	•	•	•
		Annual Newsletter	P3 A4	HRSS Manager PI&A Manager	•	•	•	
P4	Ensure stability of Employers							
		Review of Employer covenants	P4 A1	HRSS Manager	•			
P5	Ensure accuracy of Pension Records							
		Complete full reconciliation of Guaranteed Minimum Pension (GMP) amounts between Fund and HMRC	P5 A1	HRSS Manager	•			
		Consider the implications of the McCloud case	P5 A2	HRSS Manager	•			
		Consider the implications of the Goodwin case	P5 A3	HRSS Manager	•			

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		Information requirements for Dashboard and Implement by connection date	P5 A4	HRSS Manager	•	•		
		Review Overpayment Policy	P5 A5	HRSS Manager		•	•	
		Review Privacy Notice	P5 A6	HRSS Manager	•	•	•	
		Data Readiness check	P5 A7	HRSS Manager	•	•	•	
P6	Promotion of self-service facility							
		Promotion and Improvement of self-service facility	P6 A1	HRSS Manager	•			
P7	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	30/09/2024			•
P3-A2	Hold Annual Employer Liaison Meeting	1 meeting by 31/03/2025			•
P3-A3	Annual review of all forms, communication material, including annual benefit statements	31/08/2024			•
P3-A4	Development and publication of newsletter for publication and inclusion on Pension Fund website	31/03/2025			•
P4-A1	Review of admission agreement	31/12/2024	•		
P4-A1	Review of employer guarantees	31/12/2024	•		
P5-A1	Complete full reconciliation of Guaranteed Minimum Pension between Fund & HMRC	30/09/2024	•		
P5-A1	Review of Common and Specific Data following annual review and return to The Pension Regulator.	31/12/2024			•
P5-A2	Review all guidance and communication on McCloud case implications	31/03/2025	•		
P5-A3	Review all guidance and communication on Goodwin case implications	31/03/2025	•		

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P5-A4	Review all guidance and communication of Pensions Dashboard, engaging with Pension Admin system provider as necessary	31/10/2025			•
P5-A5	Review Overpayment Policy to ensure appropriate governance arrangements are in place	30/09/2024			•
P5-A6	Review the Privacy Notice to ensure this is in line with current data requirements	31/12/2024			•
P5-A7	Data Readiness check to be carried out ahead of Pensions Dashboard connection, then on an annual basis	31/12/2024			•
P6-A1	Promotion of self service to all active and deferred members	31/08/2024			•
P6-A1	Consider implementation of updated version of Self Service on a like for like basis, this will be determined by cost and/or the sunseting of the current version	31/03/2025	•		
P6-A1	Consider additional enhancements being developed for Self Service	31/03/2025	•		
P7-A1	Consider Implementation of workflow – has to be proportionate to the size of the Administration Team	31/03/2025	•		
P7-A2	Implementation if i-Connect	31/03/2025	•		
P7-A3	Digitisation of historical records	33/03/2025	•		
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

Action No.	How we will achieve our objective ... (Action)	Key Tasks	Ref.	Owner	24/25	25/26	26/27	EIA
P 8	Continue to develop robust governance and risk management							
		Review and update Governance Policy and Compliance Statement	P8-A1	PI&A Manager	•	•	•	•
		Develop and deliver 2024/25 Training Programme	P8-A2	PI&A Manager	•			
		Implement monitoring per Responsible Investment Policy	P8-A3	PI&A Manager	•			
		Review and update Pensions Administration Strategy	P8-A4	HRSS Manager	•	•	•	•

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			Ensure the Pension Fund in prepared to meet any future reporting requirements from the Stewardship Code 2020	P8-A5	PI&A Manager	•	•		
			Implementation of The Pension Regulator “General Code”	P8-A6	HRSS Manager PI&A 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	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	•			

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	30/06/2024			•
P8-A2	Pension Fund Committee approval of Training Policy and Training Programme 2024/25	30/06/2024			•
P8-A4	Pension Fund Committee approval of Pensions Administration Strategy	31/03/2025			•
P8-A2	Training Needs Self-Assessment Levels from 2023/24 to 2024/25	30/06/2024			•
P8-A3	Agree Action plan for implement of Responsible Investment monitoring	30/06/2024	•		
P8-A3	Provide revised responsible investment monitoring report format	31/12/2024			•
P8-A5	Undertake review of Stewardship Code 2020 and recommendations for adherence	31/12/2024			•
P8-A5	Implement recommendation from Stewardship Code review	30/09/2024	•		
P8-A6	Undertake review of General Code and highlight changes required to meet the new code	30/06/2024	•		
P8-A6	Implement changes required to meet code requirements	31/12/2024	•		
P9-A1	Request assurance of cyber security policy being in place from Aquila Heywood on an annual basis	30/09/2024			•
P9-A1	Request assurance of cyber security policy being in place from CGI on an annual basis	30/09/2024			•
P9-A1	Request assurance of cyber security policy being in place from Hymans Robertson on an annual basis	30/09/2024			•

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P10-A1	Undertake procurement exercise for Custodian	30/09/2025	•		
P10-A2	Undertake procurement exercise for Actuary	31/12/2024	•		
P10-A3	Undertake review of provision of Pension Administration system	30/09/2024	•		

Additional Information

The public papers and minutes of the Pension Fund Committee are available on the Council's website for Council papers via the following link:

<http://scottishborders.moderngov.co.uk/>

The Pension Fund's key policy and strategy documents can be found on the Scottish Borders Council Pension Fund website via the following link:

www.scottishborderscouncilpensionfund.org

You can get this document on tape, in Braille, large print and various computer formats by contacting the address below. Laura Gardner can also give information on other language translations as well as providing additional copies.

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