

HIGHLAND COUNCIL

Committee: Pensions Committee

Date: 16 February 2023

Report Title: Service Plan 2023/24

Report By: Head of Corporate Finance

1. Purpose/Executive Summary

- 1.1 The Highland Council Pension Fund Service Plan 2023/24 details the Fund's priorities over the next year alongside the budget and performance targets for the year ahead.
- 1.2 Over the next year the Fund will face many challenges and opportunities from both external and internal sources. It is essential that these are identified in order to set out the key work priorities for the Administering Authority and the corresponding resourcing requirements.

2. Recommendations

- 2.1 It is recommended that Committee approve the following
- the Pension Fund Service Plan 2023/24.
 - the new post of Pension Fund Manager to manage risks associated with senior personnel changes (section 6)
 - the Pension Fund proposed staffing structure and budget for 2023/24 (section 6, 7 and 8)
 - budget to support the implementation of Member Self Service (MSS) to improve customer service and process efficiency
 - work plans for the Pensions Board, Pensions Committee and Investment Sub Committee

3. Implications

- 3.1 Resource – As covered in the report.
- 3.2 Legal – none
- 3.3 Community (Equality, Poverty and Rural) – none
- 3.4 Climate Change / Carbon Clever – none
- 3.5 Risk – covered in report
- 3.6 Gaelic – none

4. Background

The Highland Council is the Administering Authority of the Highland Council Pension Fund (“the Fund”) covering local government employees and elected members in the Highland Council area and scheduled and admitted organisations that provide public or charitable services.

5. Fund Objectives

- 5.1 The Fund’s key objectives are:
 - The correct amount of contributions are received from employees and employers and also any transfer payments are correctly made/received.
 - Contributions are invested appropriately and in accordance with legislation with the aim that the Fund’s assets grow over time with investment income and growth.
 - Assets and income are used to accurately pay Fund benefits to its members and their dependants as defined in the LGPS Regulations.
- 5.2 This document sets out the proposed staffing structure, work plan and budget for 2023/24, necessary to achieve the above objectives.

6. Staffing structure

- 6.1 As was reported to Pensions Committee in February 2022, it was the intention to complete a further review of the overall team structure during 2022/23, across all levels of staffing in the team with a particular focus on the senior management elements. The opportunity for this review arose due to the planned retirement of various senior staff members.
- 6.2 In the proposed new structure, there is a new role of Pension Fund Manager which would be a senior management post dedicated to the Highland Council Pension Fund. It is recommended that changes are also made to the staffing structure to

increase the resource in both the Pensions Administration team and the Investments and Accounting team as set out in sections 7 and 8. This additional resource is required in order to meet the current and future challenges facing the Fund.

6.3 A summary of the proposed changes to resource are set out below with more detail provided in sections 7 and 8.

Pensions Administration team

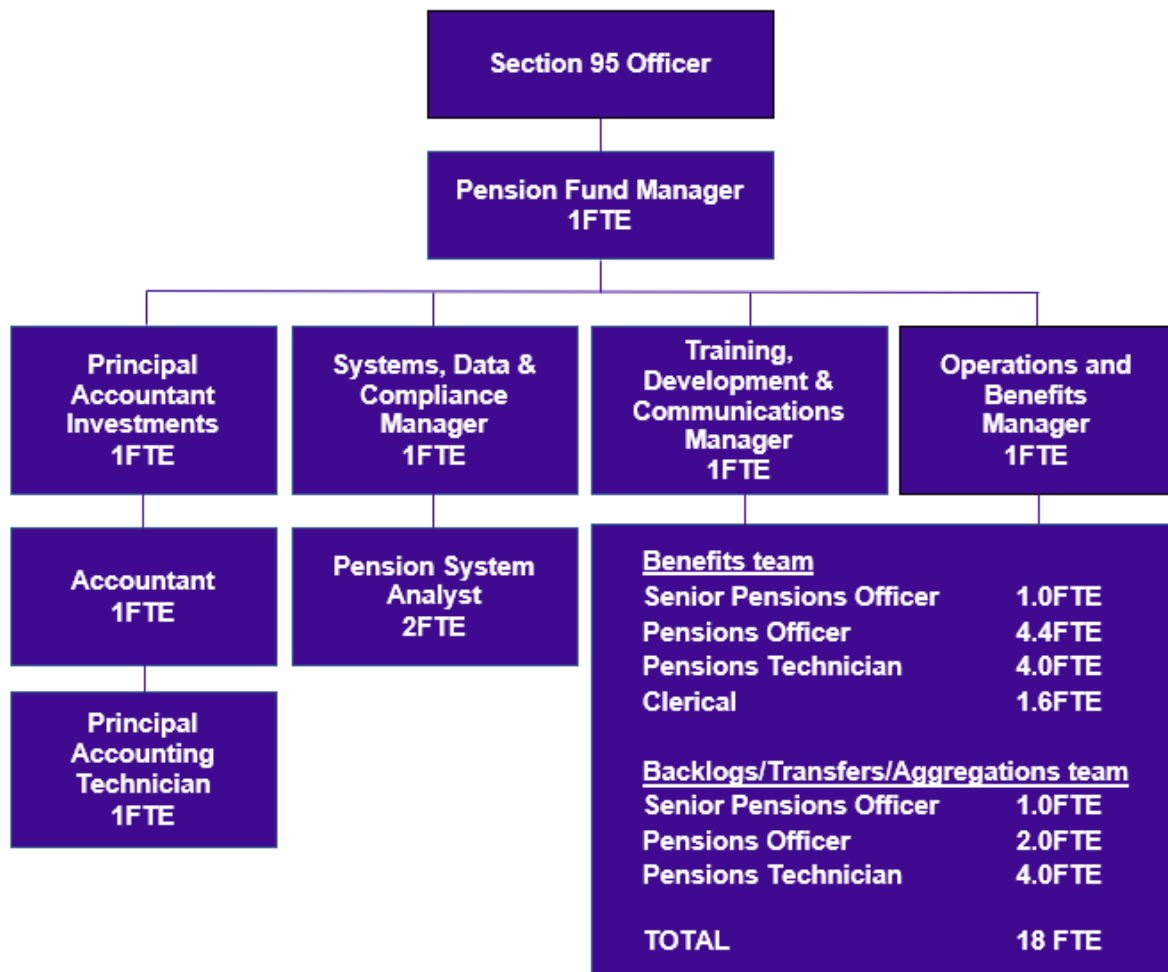
- net increase of 4.5 FTEs from 18.5 FTE to 23 FTE
- new roles being created for Senior Pensions Officers (2 FTE), Pensions System Analysts (2 FTE) and Pension Technicians (4 FTE)

Investments and Accounting team

- no change to overall FTEs
- Trainee Accountant role amended to an Accountant role

6.4 The proposed structure along with an estimated FTE figure is in the diagram below.

Highland Council Pension Fund – proposed structure



7. **Staffing structure – Pensions Administration team**

7.1 The Fund has a dedicated Pensions Administration section responsible for administering pension benefits and ensuring that contributions are paid on time. However, there have been issues filling vacancies, retaining staff and clearing backlogs in certain areas of activity. The nature of the work in the Pensions Administration section is very specialist and highly regulated. Staff retention, as well as securing additional resource, is key to ensuring that the Fund is compliant with all the Local Government Pension Fund regulations and a high-quality service is provided to all the Fund's members and employers.

7.2 In February 2022, the Pensions Committee approved the appointment of a Technical and Communications Manager and 2 Operations Manager posts. As part of the proposed structure in this report, these Manager posts will be more clearly defined to cover specific areas with the objective of improving customer service, resolving backlog issues and addressing future challenges (some of which include the implementation of McCloud/Goodwin resolution and the Pensions Dashboard).

7.3 The aim of the proposed structure is that the Pensions Administration team will be adequately resourced with staff who have the requisite knowledge and skills to complete tasks in line with regulatory requirements. To help achieve this, each of the 3 Managers will cover one of the following areas with the remit for these areas set out in sections 7.5, 7.6 and 7.7.

- Operations and Benefits
- Training Development and Communications
- Systems Data and Compliance

7.4 In order to address staff retention issues the proposed structure includes an additional 4 pension technician posts which will replace the clerical posts, with the objective of recruiting high quality candidates, providing career progression, developing staff and reducing staff turnover. There are also 2 pension analyst roles in the proposed structure to support the Systems, Data and Compliance Manager, in improving processes and for business contingency purposes.

7.5 **Operations and Benefits**

With regard to the Operations and Benefits area, the Pensions Administration team will be divided into 2 teams each headed up by a Senior Pensions Officer who will each take responsibility for day to day supervision/workload planning for their respective teams and provide technical guidance, training and checking of files. The intention is that with staff dedicated to specific workflows who have completed specialist training, tasks will be dealt with quicker and more accurately.

1. Benefits Administration team – responsible for dealing with all member administration including setting up records for new entrants, processing leavers, refunds, retirements, deaths, pension sharing orders on divorce and responding to all enquiries from Scheme members.
2. Aggregation/Transfer team – responsible for processing all aggregation and transfer work. Specific officers will be allocated to work exclusively on backlog aggregation cases, to ensure that work can be undertaken to clear the backlog whilst ensuring new cases are processed within set timescales.

7.6 Training, Development and Communications

The Training, Development and Communications manager will have a key role in developing and providing ongoing training for new and current staff and employers so that all regulatory requirements are followed.

The Training, Development and Communications manager will be responsible for the following and ongoing service improvements with support from other team members as required.

- Member and Employer engagement and communications
- Employer liaison, support and training
- Member Self Service, workflow and process development
- Document production
- Pension staff training courses
- Development of staff training programme
- Annual benefit statements – overseeing processes and implementing improvements
- Pension fund website – creation and maintenance of resources
- Member tracing

7.7 Systems, Data and Compliance

The Systems, Data and Compliance Manager will be responsible for the specialist computer systems within the pension team including the management of Altair, workflow management, production of data for reporting purposes as well as the development and implementation of new technology to improve processes across the team. Specific responsibilities will include the following:

- Monthly reconciliations (payroll/pensions/financial systems)
- Workflow system
- Data quality reviews and addressing issues (including McCloud/Goodwin remedies)
- Development of reporting tools to develop key performance monitoring data.
- Insights dashboard reporting development (pensions administration systems)

- Liaison with the Fund Actuary
- Reports and statistics for Annual report and accounts.
- Annual Pension Increase exercise implementation
- Bulk process development

The Systems, Data and Compliance Manager will be supported by two pension analysts who will be responsible for processing monthly i-Connect loading, creation of workflow tasks, pensioners payroll, contribution reconciliations and data quality issues.

8. Staffing structure – Investments and Accounting team

- 8.1 The staff responsible for monitoring the Fund's investments, preparing the annual accounts and overseeing governance processes, Committee training and risk management complete this alongside other, non-pension fund, responsibilities. With regards to the Fund's investment and accounting reporting requirements, the workload has increased significantly over the last couple of years as outlined below.
- 8.2 During 2022/23, a further 4 investment fund managers were appointed as part of the strategic asset allocation review to diversify the investment portfolio. The number of fund managers has increased from seven in 2019/20 to twelve in 2022/23 across a range of different asset classes, with plans to onboard another fund manager in 2023/24. This increase has meant more administration and extra resource is now required to effectively monitor all the fund managers. This is best achieved by allocating dedicated accounting resource to the Fund.
- 8.3 The Investments and Accounting team also has the following work priorities which will require additional resource:
- Developing processes to monitor and report on the implementation of the Fund's Responsible Investment policy.
 - Developing and implementing systems for reporting in line with the Taskforce for Climate Related Financial Disclosures (TCFD).
 - General treasury cashflow requirements alongside managing the funding of alternative investments.
 - Increased volume of work associated with increase in Fund Managers (quarterly monitoring and monthly reconciliations).
 - Budget planning, monitoring and reporting.
- 8.4 The Pensions Committee in February 2022 was supportive of increasing the resource in the Investments and Accounting team and approved the appointment of a trainee accountant to build resilience and help with succession issues. However, in view of further staff changes at senior management level, it is proposed that instead an Accountant is included in the structure to provide

support to the Principal Accountant. This post would focus on tasks associated with the increased volume of Fund Managers including regular monitoring, compliance with regulations and operational tasks to fund new investments, alongside regular budget monitoring and year end deliverables.

9. Work Plans 2023/24

- 9.1 The Highland Council Pension Fund Officers' Work Plan for 2023/24 is at **Appendix 1** and details the planned tasks for the Pensions Administration and the Investment and Governance teams.
- 9.2 The Officers' Work Plan includes the implementation of Member Self Service (task 1.1) which will interface with the current Pensions Administration system. This will improve the efficiency of existing processes and costs have been included in the proposed budget. The Officers' Work Plan may change depending on changes in the regulatory environment and/or to cover ad hoc requirements.
- 9.3 One of the key tasks during 2023/24 will be the completion of the triennial actuarial valuation and alongside this the Funding Strategy Statement (FSS) (task 1.2). The triennial actuarial valuation is required by Regulation 60 of the Local Government Pension Scheme (Scotland) Regulations 2018 ("the Regulations") and will be completed by the Fund's Actuary, Hymans Robertson. The actuarial valuation is a risk management exercise with the purpose of reviewing the current funding plans and setting contribution rates for the Fund's participating employers for the period from 1 April 2024 to 31 March 2027.
- 9.4 The completion of the valuation requires data preparation and cleansing, liaising with the Fund's Actuary and Investment Advisor on future assumptions, regular communication with employer organisations regarding the results and impact on contribution rates, and arranging training on the process to elected members.
- 9.5 The final output will be a valuation report summarising the outcomes of the valuation and the underlying advice provided to the Administering Authority throughout the valuation process
- 9.6 Alongside the Actuarial Valuation, the Funding Strategy Statement (FSS) will be updated using advice from the Fund's Actuary. The Fund is required by LGPS regulations to have a FSS which has the following objectives
- to establish a clear and transparent fund-specific strategy which will identify how employers' pension liabilities are best met going forward;
 - to support the regulatory framework to maintain as nearly constant employer contribution rates as possible; and
 - to take a prudent longer-term view of funding those liabilities.

- 9.7 As part of this review, the FSS will also be updated for regulatory changes introduced in June 2022. The Local Government Pension Scheme (Scotland) (Miscellaneous Amendments) Regulations 2022 came into effect in June 2022 and included changes providing administering authorities with greater flexibilities for dealing with employers exiting the Fund. The three key area of changes introduced by the regulations are:
1. Review of employer contributions – LGPS Pension Funds will now have the power to formally review employer contributions between formal triennial valuations where there has been a ‘significant change to liabilities or covenant’, and employers will have the right to request a review of their rates under similar circumstances. The Fund should state its policy on the review of employer contributions in its Funding Strategy Statement and consider the impact of such reviews on other employers in the Fund.
 2. Spreading exit payments – employers approaching or targeting cessation will be able to spread exit payments to help manage affordability issues for employers. The Fund should set out its policy on spreading exit payments in its FSS, obtain actuarial advice and take account of the interests of all employers and LGPS funds when determining the payment terms.
 3. Deferred Debt Agreements (DDA’s) – the new regulations introduced DDAs for exiting employers which will formally allow secondary contributions to be certified for employers with no active members and be subject to revision at formal valuations. The DDA should set out the “specified period” over which the arrangement will run and the termination events. The Fund should set out its policy on DDAs in the Funding Strategy Statement.
- 9.8 The FSS will be revised to comply with these regulations and any subsequent guidance from the Fund Actuary, the Scottish Scheme Advisory Board and the Scottish Public Pensions Agency. The FSS incorporating these changes and the 2023 valuation assumptions and funding approach which will be circulated to all Fund Employers before being presented to Pensions Committee in early 2024.
- 9.9 Alongside the completion of the triennial actuarial valuation, the Statement of Investment Principles will be updated to reflect target investment return and a review undertaken of the strategic asset allocation as required (task 2.1).
- 9.10 The Local Government Pension Scheme (Management and Investment of Funds) (Scotland) Regulations 2010 (No. 233)¹ require administering authorities to prepare, maintain and publish a written statement of principles (SIP) that governs their decisions about investments. The SIP must be reviewed regularly and should be updated when there are material changes in policy.

- 9.11 The monitoring report for the 2022/23 Work Plan is at **Appendix 2**.
- 9.12 The proposed Work Plan for the Pensions Board, Pensions Committee and Investment Sub Committee is at **Appendix 5**. The Board and Committee members' Work Plan may also change depending on changes in the regulatory environment and/or to cover ad hoc requirements.

10. Performance Indicators

- 10.1 Performance indicators were included and reported in the Annual Report and Annual Accounts 2021/22, and these are detailed in **Appendix 3** alongside targets from the previous Service Plan for 2022/23 and the proposed targets for 2023/24.
- 10.2 Performance against targets in 2021/22 decreased in some areas due to the significant increase in work volumes, and staff shortages in key areas. In 2021/22 there were significant increases in the number of new entrants to process (87%), early leavers (64%) and retirements (46%).
- 10.3 During the COVID-19 pandemic, the number of retirements was lower and staff recruitment was put on hold across the employer bodies because of uncertainty and training issues due to the various lockdowns and restrictions in place. However, in 2021/22, following the successful roll-out of vaccination programmes and the economy returning to business as usual, the number of retirements and new starts increased. The re-opening of the economy saw a buoyant labour market and staff turnover has been high due to opportunities available outwith the employer bodies. This has meant an increased workload for the Administration team as they had increased volumes of leavers and new starts to process.
- 10.4 The CIPFA guidance Preparing the Annual report 2019, sets out indicators for Pensions Administration. These have been developed by a CIPFA working group which is reviewing the reporting on scheme administration data on a consistent basis across all Funds. Going forward, the Pensions Administration section is looking at preparatory work required to collate these indicators.

11. Budget 2023/24

- 11.1 The Budget in **Appendix 4** sets out the financial resources required to meet the key objectives and deliver the proposed Work Plan for 2023/24. The exact level of budget required will depend on the level of staff pay award agreed for 2023/24. The Budget for 2023/24 includes computer costs for implementing the Member Self Service, under the heading Computer and ICT (external providers).
- 11.2 For information purposes, there are future budgets for 2024/25 and 2025/26.

The Budget for financial year 2024/25 includes computer costs for implementing the Altair payroll system, which would integrate with the current Altair systems used by the section to administer benefits and monitor performance. The staff resource costs to administer this payroll will be estimated in advance of the 2024/25 budget setting process.

- 11.3 It should be noted that although a budget has been set for Fund Manager fees these are payable based on market valuations and for private equity investments performance fees are payable when a specific target rate of return is achieved, as set out in the Fund Manager agreements.

Designation: Head of Corporate Finance

Date: 7 February 2023

Author: Edward Foster

Appendix 1 – Highland Council Pension Fund Work Plan 2023/24 (Officers)

PENSIONS ADMINISTRATION

Ref	Task	Deadline	Basis of requirement
1.1	Member Self Service Enable members to access information themselves through Member Self Service which will reduce volume of enquiries, allowing staff to focus on technical and other areas.	31 Dec 2023	Efficiency
1.2	Triennial actuarial valuation and update of Funding Strategy Statement The valuation exercise requires liaising with the Actuary, providing data and communicating with employers regarding the funding position and future employer contributions rates. Following the Actuarial Valuation, the Funding Strategy Statement will be updated.	31 Mar 2024	Statutory
1.2	Employer training - Working with Employers to identify training needs/areas for improvement and provide them with regular feedback on their performance.	Ongoing	Statutory
1.3	Reduce backlogs – dedicated team will be focused on aggregation calculations.	Ongoing	Statutory
1.4	Staff training – organise structured training programme to develop specialist skills and technical knowledge.	Ongoing	Statutory
1.5	Website and communications – develop website and resources available for members and employers.	Ongoing	Statutory
1.6	Technology – build automated and bulk processes into monthly workloads to increase the efficiency of processes.	Ongoing	Efficiency
1.7	Year-end info from employers Receive and review all pension data from fund employers.	13 May 2023	Admin strategy statement
1.8	Update Pension system with employer information Verify and load data onto system.	30 June 2023	Agreed with Actuaries
1.9	Pension increase (Payroll system) Update pension records on Payroll with Annual Pension increase.	30 April 2023	Statutory
1.10	Pension increase (Pension system) Update pension records with Pension increase.	30 April 2023	Statutory
1.11	Pension Increase letter / Annual newsletter (April) Draft and issue electronic correspondence to pensioners informing them of annual increase and newsletter with general items of interest.	30 April 2023	Admin strategy statement
1.12	Accounting reports Delivering information to Actuaries for the preparation of annual returns for employers.	Depends on Employers' year-end requirements	Admin strategy statement
1.13	Annual Pension Statements / Annual Newsletter (Aug) Details of benefits accrued to previous year end and future projection. Newsletter providing scheme updates such as regulation changes and general items of interest. Both published online.	31 Aug 2023	Statutory

Appendix 1 – Highland Council Pension Fund Work Plan 2023/24 (Officers)

PENSIONS ADMINISTRATION

Ref	Task	Deadline	Basis of requirement
1.14	Pension Savings Statements issued to members who have breached HMRC Annual Allowance limits and responding to queries.	6 Oct 2023	Statutory
1.15	Quarterly returns to HMRC Government Gateway return on specific payments.	Quarterly	Statutory
1.16	Annual return to HMRC Government Gateway return on specific payments.	31 Jan 2024	Statutory
1.17	Annual return to the Pension Regulator Compliance statement.	30 Sept 2023	Statutory
1.18	Valuation Ongoing engagement with Actuary and preparation for next valuation as at 31 March 2023.	Ongoing	Statutory
1.19	Performance reporting Development of Altair Insight reporting to deliver regular reporting on the service delivery performance of the Pensions Administration team.	June 2023	Admin strategy statement
1.20	The Pensions Regulator Single Code of practice Review compliance and check controls are in place when single code is issued (applicable to both the Pensions Administration and Investments and Accounting teams).	Sept 2023	Statutory
1.21	Pensions Scams ongoing work to raise awareness of the risks of pension scams to Members and follow Pension Regulator requirements.	Ongoing	Statutory

Appendix 1 – Highland Council Pension Fund Work Plan 2023/24 (Officers)

INVESTMENTS AND ACCOUNTING

Ref	Task	Deadline	Basis of requirement
2.1	Annual Report and Accounts Preparation of Draft Annual Report and Accounts. Develop the reporting to follow best practise.	30 June 2023	Statutory
2.2	Statement of Investment Principles alongside the completion of the triennial actuarial valuation the Statement of Investment Principles will be updated to reflect that target investment return and a review the strategic asset allocation undertaken as required.	31 Mar 2024	Statutory
2.3	Taskforce on Climate-related Financial Disclosures Develop plan to implement Taskforce on Climate- related Financial Disclosures (TCFD) disclosures and set relevant targets for reporting in 2023/24.	31 July 2023	Statutory
2.4	Annual Report and Accounts Preparation of Final Annual Report and accounts following the External Audit review.	30 Sept 2022	Statutory
2.5	Local Finance return for the pensions fund.	31 Oct 2023	Government
2.6	Monthly reconciliations of investment data Review of Fund manager transactions compared to Custodian and update financial ledger.	Monthly	Financial controls
2.7	Office of National Statistics returns Quarterly returns on Pension Fund investments and market values.	Quarterly	Government
2.8	Preparation of Investment Sub Committee reports Regular update reports and ad hoc reports as required.	Quarterly	Financial controls
2.9	Governance policy Annual update prepared and approved by Pensions Committee	21 Sept 2023	Governance
2.10	Training Annual training plan updated and presented to Pensions Committee. Training organised as required. Induction training will need to be provided for any new Committee members.	21 Sept 2023	Governance
2.11	Risk management Risk register maintained and reported to Pensions Committee	Ongoing	Governance
2.12	Compliance Monitor changes in regulations and legislation and ensure that the Fund is compliant.	Ongoing	Governance
2.13	Cost transparency system Scheme Advisory Board (SAB) is rolling out the implementation of the Fund Manager cost database to all Scottish LGPS. Develop regular reporting on Fund Manager costs to include in Investment update report reported to Investment Sub Committee.	Sept 2023	Required by SAB
2.14	Cashflow – Monitoring of cash flow position daily.	Daily	Financial
2.15	Global equities manager – onboarding of the new fund manager (value) to be completed and transition of assets to the new fund manager.	March 2024	Procurement

Appendix 1 – Highland Council Pension Fund Work Plan 2023/24 (Officers)

INVESTMENTS AND ACCOUNTING

Ref	Task	Deadline	Basis of requirement
2.16	Investment Advisor procurement Once the current asset strategy is implemented, a procurement exercise will be completed for the Investment Advisor.	Sept 2023	Procurement
2.17	Responsible investment Implementation of responsible investments policy and establishing monitoring and reporting processes. Officers will also continue to keep updated on Climate Change initiatives through membership of the Institutional Investors Group on Climate Change.	Sept 2023 Ongoing	Governance
2.18	Custodian online instruction processing Review of the functionality in the Custodian's system for online instructions to be completed. Following outcome of review, system may be implemented to improve efficiency of submitting instructions.	March 2024	Efficiency
2.19	Financial ledger The Fund uses the Highland Council financial ledger for financial reporting and budget monitoring which is being migrated to a new financial system during 2023, with plans to fully implement the new ledger by early 2024. Investments accounting staff are involved in the general ledger stream of the project.	March 2024	Financial

Appendix 2 – Monitoring - Highland Council Pension Fund Work Plan 2022/23

PENSIONS ADMINISTRATION

Ref	Task	Deadline	Progress update
1.1	Year-end info from employers Receive all pension data from fund employers.	13 May 2022	Complete Aug 2022
1.2	Update Pension system with employer information Verify and load data onto system.	30 June 2022	Complete Aug 2022
1.3	Pension increase (Payroll system) Update pension records on Payroll with Pension increase.	30 April 2022	Complete 30 April 2022
1.4	Pension increase (Pension system) Update pension records with Pension increase.	30 April 2022	Complete 30 April 2022
1.5	Pension Increase letter /Annual newsletter Electronic correspondence to pensioners informing them of annual increase and newsletter with general items of interest.	30 April 2022	Complete 30 April 2022
1.6	Accounting reports Delivering info to Actuaries for preparation of annual returns for employers.	Depends on Employers' year-end requirements	Complete within deadlines
1.7	Annual Pension Statements / Annual Newsletter Details of benefits accrued to previous year end and future projection. Newsletter providing scheme updates such as regulation changes and general items of interest. Both published online.	31 Aug 2022	Complete 31 Aug 2022
1.8	Pension Savings Statements issued to members who have breached HMRC Annual Allowance limits	6 Oct 2022	Complete 6 Oct 2022
1.9	Quarterly returns to HMRC Government Gateway return on specific payments.	Quarterly	Complete
1.10	Annual return to HMRC Government Gateway return on specific payments.	31 Jan 2023	On target
1.11	Annual return to the Pension Regulator Annual return	2 Jan 2023	Complete
1.12	Valuation Ongoing engagement with Actuary and preparation for next valuation at 31 March 2023.	Ongoing	Ongoing
1.13	Performance reporting Development of Altair Insight reporting to deliver regular reporting on the service delivery performance of the Pensions Administration team.	June 2022	Ongoing
1.14	The Pensions Regulator Single Code of practice Review compliance and check controls are in place when single code is issued (applicable to both Pensions Administration and Investments and Governance).	Sept 2022	Ongoing
1.15	Pensions Scams ongoing work to raise awareness of the risks of pension scams to Members.	Ongoing	Ongoing

Appendix 2 – Monitoring - Highland Council Pension Fund Work Plan 2022/23

INVESTMENTS AND GOVERNANCE

Ref	Task	Deadline	Progress update
2.1	Annual Report and Accounts Preparation of Draft Annual Report and Accounts. Develop the reporting to make more user-friendly.	30 June 2022	Complete
2.2	Taskforce on Climate-related Financial Disclosures Develop plan to implement Taskforce on Climate- related Financial Disclosures (TCFD) disclosures and set relevant targets for reporting in 2022/23.	31 July 2022	Ongoing
2.3	Annual Report and Accounts Preparation of Final Annual Report and accounts which is subject to an External Audit review.	30 Sept 2022	Complete 22 Sept 2022
2.4	Local Finance return for the pensions fund.	31 Oct 2022	Complete 25 Oct 2022
2.5	Monthly reconciliations of investment data Review of Fund manager transactions compared to Custodian and update financial ledger.	Monthly	Complete
2.6	Office of National Statistics returns Quarterly returns on Pension Fund investments and market values.	Quarterly	Complete
2.7	Preparation of Investment Sub Committee reports Regular update reports and ad hoc reports as required.	Quarterly	Complete
2.8	Governance policy Annual update prepared and approved by Pensions Committee	29 Sept 2022	Complete 30 Sept 2022
2.9	Training Annual training plan updated and presented to Pensions Committee. Training organised as required. Induction training will need to be provided for any new Committee members following the Elections.	29 Sept 2022	Complete 30 Sept 2022
2.10	Risk management Risk register maintained and reported to Pensions Committee	Ongoing	Ongoing
2.11	Compliance Monitor changes in regulations and legislation and ensure that the Fund is compliant.	Ongoing	Ongoing
2.12	Cost transparency system Scheme Advisory Board (SAB) is rolling out the implementation of the Fund Manager cost database to all Scottish LGPS. Develop regular reporting on Fund Manager costs to include in Investment update report	Sept 2022	Ongoing
2.13	Cashflow – Monitoring of cash flow position daily.	Daily	Complete
2.14	Global Equity Fund Manager Selection exercise and onboarding of the new fund manager to be completed and transition of assets to the new fund manager.	April 2022	Complete Dec 2022
2.15	Investment Advisor procurement Once the current asset strategy is implemented, a procurement exercise will be completed for the Investment Advisor.	Nov 2022	Ongoing
2.16	Responsible investment Implementation of responsible investments policy and establishing monitoring and reporting processes. Officers will also continue to keep updated on Climate Change initiatives through membership of the Institutional Investors Group on Climate Change.	Sept 2022 Ongoing	Ongoing

Appendix 3 – Performance Indicators

Pensions Administration service delivery

The performance of the administering authority will be measured as follows. Following the development and implementation of Altair Insight performance monitoring reports (Appendix 1, task 1.19), there will be regular performance reporting against these targets to senior management and Committee.

Task	Target	Target 2021/22 % on target	Actual 2021/22 % on target	Target 2022/23 % on target	Target 2023/24 % on target
New Entrants (includes re-employments)	Issue Statutory Notice within 14 days of receipt of a new start notice.	85%	33%	90%	90%
Early Leavers	The standard issue date is 10 days from receipt of leavers forms and 15 days for deferred benefit entitlement. (Legal requirement 2 months)	85%	17%	100%	100%
Retirements- process and pay benefits including deferred benefits coming into payment	Calculate and pay retirement lump sum benefit, including deferred into payment within 5 working days of receiving all required information from the scheme employer and/or member or date of entitlement, whichever is later.	100%	91%	100%	100%
Retirement (pension payment)	- Calculate and pay members pension benefits on the first available monthly pension pay date following receipt of all required information and following the date of members retirement	100%	91%	100%	100%
Deaths in Service	Contact next of kin within 5 days of notification being received. Calculate and pay survivor pension benefits within 10 working days of receipt of all required information and once any overpayments have been settled. (Legal requirement 2 months)	100%	86%	90%	90%
Transfers in from out with Fund	The standard is to issue statutory notice within 10 days of receipt of payment.	90%	11%	95%	95%
Transfers of pension rights out with Fund	Case to be finalised & payment made within 10 days of receipt of election payment.	90%	27%	95%	95%
Estimate of benefits	Issue within 10 days of request for all requests (both active and deferred members)	90%	64%	90%	90%

Appendix 3 – Performance Indicators

Proportion of Annual Benefits statement issued by statutory deadline (31 August)	100%	100%	100%	100%
Proportion of Pension Savings statements issued by statutory deadline (6 October)	-	-	100%	100%

Employer performance

The performance of the Employer bodies will be measured as follows. Targets are as specified by regulation.

Standard	Target 2021/22 % on target	Actual 2021/22 % on target	Target 2022/23 % on target	Target 2023/24 % on target
New Start Notification – within 30 days of joining (or 10 days from first deduction if later).	100%	79%	95%	95%
Retirement information – to allow benefits to be paid on time.	100%	91%	95%	95%
Early leaver notification – within 30 days of leaving (or 10 days after last deduction if later).	100%	80%	90%	90%
Death in Service notification – within 7 days of death.	100%	100%	100%	100%
Monthly query responses - within 14 working days of Fund officer query	-	-	95%	95%
Year End Queries issued to employers, responses – within 14 days.	100%	100%	95%	95%

Investments and Accounting

Standard	Target 2021/22	Actual 2021/22	Target 2022/23	Target 2023/24
Long term objective is to achieve a real rate of return of 3-4% per annum on average.	<i>Achieve</i>	Achieved	<i>Achieve</i>	<i>Achieve</i>
Achieve performance benchmark over a 5-year rolling period.	<i>Achieve</i>	Achieved	<i>Achieve</i>	<i>Achieve</i>
Audit of annual accounts	<i>Unqualified Audit opinion</i>	Unqualified Audit opinion	<i>Unqualified Audit opinion</i>	<i>Unqualified Audit opinion</i>
Governance policy updated annually	<i>Achieve</i>	Achieved	<i>Achieve</i>	<i>Achieve</i>
Training policy updated annually	<i>Achieve</i>	Achieved	<i>Achieve</i>	<i>Achieve</i>
Funding position at triennial valuation	100%	101%	100%	100%
Risk policy updated annually	<i>Achieve</i>	Achieved	<i>Achieve</i>	<i>Achieve</i>
All staff to complete 2 days training annually	<i>Achieve</i>	Achieved	<i>Achieve</i>	<i>Achieve</i>
All Pensions Committee and Pensions Board member to complete 2 sessions training annually.	<i>Achieve</i>	Achieved	<i>Achieve</i>	<i>Achieve</i>

Appendix 4 Budget 2023/24

	Annual Budget 2022/23	Forecast Year End 2022/23	Proposed Annual Budget 2023/24	Annual Budget 2024/25	Annual Budget 2025/26
<u>Administrative expenses</u>	£000	£000	£000	£000	£000
Medical exams (staff)	5	5	5	5	5
Conference & seminar (includes subsistence)	1	1	1	1	1
Subscriptions to organisations	5	5	5	5	5
Bank charges	2	2	2	2	2
Other charges (pension levy, tax certification)	3	3	3	3	3
Pensions administration staff	801	770	946	980	1,015
Central support charge (internal ICT support, property costs, payroll, business support)	-	150	150	154	158
GMP	50	10	-	-	-
Computer and ICT (external providers)	301	301	401	525	353
Fares, travel, accommodation	1	1	1	1	1
Printing and stationery	2	2	2	1	1
Postages	8	4	4	4	4
Other Pension Admin costs	8	8	8	8	8
Total	1,187	1,262	1,528	1,689	1,556
<u>Oversight and governance</u>					
Actuarial Fees	100	100	150	100	100
Audit Fees	33	33	36	36	36
Pension Investments and Accounting staff	230	180	234	242	251
Central support charge (internal ICT support, internal audit, payroll, business support)	-	20	20	21	22
Training	5	5	5	5	5
Subsistence and travel	0	0	0	0	0
Investment Consultant Fees	75	80	75	75	75
Performance Management Fees (custodian)	30	30	50	50	50
Legal and Tax Expenses	10	17	10	10	10
Total	483	465	580	539	549
<u>Management fees</u>					
Investment expenses	350	350	350	350	350
Custodian Fees	100	100	100	100	100
Transaction costs	350	350	350	350	350
<u>Fund Manager fees</u>					
Unitised insurance policies	200	200	206	212	219
Equities	4,800	4,800	4,900	5,000	5,200
Bonds	300	300	309	318	328
Property	500	500	515	530	546
Private equity	3,700	3,700	3,800	3,800	3,800
Property debt	300	300	309	318	328
Total	10,600	10,600	10,839	10,978	11,221
Overall total	12,270	12,327	12,947	13,206	13,326

Appendix 5 Draft Pension Board, Committee and ISC Work Plans 2023/24

PENSIONS BOARD

Date	Workplan
16 Feb 2023	Appoint Chair
	Review of constitution of Board
13 Mar 2023	Responsible Investment (RI) training – an update on the RI policy and implementation
Sept 2023	Actuarial Valuation training
21 Sept 2023	Pension Board observers attend ISC
16 Mar 2023	Pension Board observers attend ISC
22 June 2023	Pension Board observers attend ISC
8 Sept 2023	Pension Board observers attend ISC
24 Nov 2023	Pension Board observers attend ISC

PENSIONS COMMITTEE

Date	Workplan
16 Feb 2023	Service plan and budget 2023/24 - review and approve
	Internal Audit annual plan - review and approve
	Internal Audit (audit of Pension Fund contributions) report - review and approve
	External Audit annual plan - review and approve (to be circulated later than meeting)
	Pensions Admin and Contributions report - review and approve
	Risk Register – review and approve
13 Mar 2023	Responsible Investment (RI) training – an update on the RI policy and implementation
Sept 2023	Actuarial Valuation training
21 Sept 2023	External audit report of annual accounts - review and approve
	Audited Annual report and accounts 2022/23 - review and approve
	Pensions Admin and Contributions report (includes budget monitoring) - review and approve
	Governance Policy Statement 2023/24 – review and approve
	Training Policy and Training Plan 2023/24 – review and approve
	Monitoring of Retirements report – review and approve
	Risk Management policy – review and approve (last approval 2018)
	Risk Register – review and approve

Appendix 5 Draft Pension Board, Committee and ISC Work Plans 2023/24

INVESTMENT SUB COMMITTEE (ISC)

Date	Workplan
16 Mar 2023	Investment activity update which will cover 2022 asset transition costs – review and approve
	Overview on TCFD (Taskforce for Climate related Financial Disclosure) reporting
	Review Q3 and Q4 2022 Fund Manager (will include TCFD performance reporting)
	Update on equity protection – to be provided by Fund’s Advisors
	Two Fund Managers will attend for ISC to provide performance update
22 June 2023	Investment activity update – review and approve
	Review Q1 2023 Fund Manager performance
	Two Fund Managers will attend for ISC to provide performance update
8 Sept 2023	Investment activity update – review and approve
	Review Q2 2023 Fund Manager performance
	Two Fund Managers will attend for ISC to provide performance update
24 Nov 2023	Investment activity update – review and approve
	Review Q3 2023 Fund Manager and TCFD (6-monthly reporting) performance
	Two Fund Managers will attend for ISC to provide performance update