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PENSION FUND COMMITTEE AND PENSION BOARD FRIDAY, 22 SEPTEMBER 2023

A MEETING of the PENSION FUND COMMITTEE AND PENSION BOARD will be held VIA MICROSOFT TEAMS on FRIDAY, 22 SEPTEMBER 2023 at 1.00 PM.

All attendees, including members of the public, should note that the public business in this meeting will be livestreamed and video recorded and that recording will be available thereafter for public view for 180 days.

J. J. WILKINSON,
Clerk to the Council,

12 September 2023

BUSINESS		
1.	Apologies for Absence	
2.	Order of Business	
3.	Declarations of Interest	
4.	Minute (Pages 5 - 10) Minute of Meeting held on 22 June to be noted and signed by the Chairman. (Copy attached).	2 mins
5.	Pension Fund Investment and Performance Sub-Committee (Pages 11 - 12) To note the Minute of the Pension Fund Investment and Performance Sub-Committee Meeting held on 26 June 2023. (Copy attached.)	2 mins
6.	Risk Register Update (Pages 13 - 20) Consider report by Chief Officer – Audit and Risk. (Copy attached).	10 mins
7.	Final Annual Reports and Accounts 2022/23 Consider report by Director – Finance and Procurement. (To follow.)	10 mins
8.	Budget Monitoring to 30 June 2023 (Pages 21 - 26) Consider report by Director – Finance and Procurement. (Copy attached.)	10 mins
9.	Communication Strategy Review (Pages 27 - 48)	10 mins

	Consider report by Director – People, Performance and Change. (Copy attached.)	
10.	Responsible Investment Metrics and Targets Report (Pages 49 - 52) Consider report by Isio. (Copy attached.)	20 mins
11.	Review of UK Stewardship Code (2022/23 Submission) (Pages 53 - 112) Consider report by Director – Finance and Procurement. (Copy attached.)	15 mins
12.	Information Update (Pages 113 - 114) Consider briefing paper by Director – Finance and Procurement. (Copy attached.)	10 mins
13.	Any Other Items Previously Circulated	
14.	Any Other Items which the Chairman Decides are Urgent	
15.	Items Likely To Be Taken In Private Before proceeding with the private business, the following motion should be approved:- “That und Section 50A(4) of the Local Government (Scotland) Act 1973 the public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in paragraph 8 of Part 1 of Schedule 7A to the aforementioned Act.”	
16.	Minute (Pages 115 - 118) Private Section of Minute of Meeting held on 22 June 2023 to be noted and signed by the Chairman. (Copy attached).	2 mins
17.	Pension Fund Investment and Performance Sub-Committee (Pages 119 - 124) Private Section of Minute of Meeting of the Pension fund Investment and Performance Sub-Committee held on 26 June 2023 to be noted. (Copy attached.)	2 mins
18.	Q2 2023 Investment Performance Report (Pages 125 - 174) Consider report by Isio. (Copy attached).	35 mins
19.	Macquarie Infrastructure Debt (Sub-Investment Grade) Fund Update (Pages 175 - 180) Consider briefing note by Isio. (Copy attached.)	10 mins

NOTES

1. **Timings given above are only indicative and not intended to inhibit Members' discussions.**
2. **Members are reminded that, if they have a pecuniary or non-pecuniary interest in any item of business coming before the meeting, that interest should be declared prior to commencement of discussion on that item. Such declaration will be recorded in the Minute of the meeting.**

Membership of Committee:- Councillors D. Parker (Chairman), P. Brown, C. Hamilton, W. McAteer, D. Moffat, S. Mountford, S. Scott, J. Pirone, Mr D Bell, Mr A Daye, Mr M Drysdale, Mr M Everett, Ms K M Hughes and Ms K Robb

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**SCOTTISH BORDERS COUNCIL
PENSION FUND COMMITTEE AND PENSION BOARD**

MINUTES of Meeting of the PENSION FUND
COMMITTEE AND PENSION BOARD held
via Microsoft Teams on Thursday, 22 June
2023 at 10.00 am.

Present:- Councillors D. Parker (Chairman), P. Brown, C. Hamilton, W. McAteer, D. Moffat, S. Mountford, W. McAteer, J. Pirone, S. Scott, Mr D. Bell, Mr A. Daye, Mr M. Drysdale, Mr M. Everett, Ms K M Hughes and Ms K Robb.

Apologies:- Councillors D. Moffat

In Attendance:- Chief Executive, Director – Finance and Procurement, Chief Officer – Audit and Risk, HR Shared Services Manager, Democratic Services Officer (D. Hall).

Also in Attendance:- Mr A Ross and Mr A Singh (Isio), Mr J Boyd and Ms S Harold (Audit Scotland)

1. **MINUTE**
There had been circulated copies of the Minute of the Meeting held on 21 March 2023.

DECISION
NOTED for signature by the Chairman.

2. **PENSION FUND INVESTMENT AND PERFORMANCE SUB-COMMITTEE**
There had been circulated copies of the Minutes of the Meetings of the Pension Fund Investment and Performance Sub-Committee held on 28 June 2022 and 27 February 2023.

DECISION
NOTED for signature by the Chairman.

3. **INTERNAL AUDIT ANNUAL ASSURANCE REPORT 2022/23 FOR THE SCOTTISH BORDERS COUNCIL PENSION FUND**
There had been circulated copies of a report by the Chief Officer – Audit and Risk which presented the Internal Audit Annual Assurance Report 2022/23, which included the Chief Officer Audit & Risk's independent assurance opinion on the adequacy of the Scottish Borders Council Pension Fund's overall control environment. The Public Sector Internal Audit Standards (PSIAS) required that the Chief Officer Audit & Risk provided an annual internal audit opinion and report on the adequacy and effectiveness of the Pension Fund's governance, risk management and internal controls to support the preparation of the Pension Fund's Governance Compliance Statement. To meet the requirements of the PSIAS the Scottish Borders Council Pension Fund Internal Audit Annual Assurance Report 2022/23 included the required Internal Audit annual opinion, provided details of the Internal Audit activity during the year to support the opinion, and stated the conformance of the Council's Internal Audit service with the PSIAS. The Chief Officer Audit & Risk's opinion was that there were generally sound systems of governance, risk management and internal control operating within the Scottish Borders Council Pension Fund during 2022/23. Some areas for improvement were identified. The Internal Audit independent assurance opinion had been incorporated in the Pension Fund's Annual Governance Statement within the Annual Report and Accounts for the year to 31 March 2023. The Chief Officer – Audit and Risk, Ms Jill Stacey, presented the report. Members welcomed the report and highlighted that it was positive to note that governance arrangements in place were adequate.

DECISION

AGREED to acknowledge the independent assurance provided on internal controls and governance arrangements as set out in the Internal Audit Annual Assurance Report 2022/23 for the Scottish Borders Council Pension Fund.

4. GOVERNANCE POLICY AND COMPLIANCE STATEMENT 2023

With reference to paragraph 4 of the Minute of the meeting held on 29 June 2022, there had been circulated copies of a report by the Acting Chief Financial Officer which proposed the revised Governance Policy and Compliance Statement for the Scottish Borders Council Pension Fund (the Pension Fund) following implementation of the 2015 regulatory changes. The report also requested approval of the Governance Compliance Statement for inclusion in the Pension Fund's Annual Report and Accounts 2022/23. Appendix 1 to the report contained the revised Governance Policy and Compliance Statement for the Pension Fund 2023. The Governance Compliance Statement for 2022/23 was included in Annex to the policy and demonstrated that the Pension Fund was in full compliance with published best practice guidance. Mrs Suzy Douglas, who had been the Acting Chief Financial Officer at the time of publication of the agenda, had been appointed as the Director - Finance and Procurement presented the report and explained that only minor amendments had been made to the statement. In response to a question regarding the lack of reference in the Policy to training requirements, and whether they had been met, Mrs Douglas explained that a training session in May had covered a lot of the requirements and undertook to report back to the Committee at a future date. It was highlighted that Members were required to attend two training sessions per annum.

DECISION

AGREED to approve the revised Governance Policy and Compliance Statement 2023 for inclusion in the Pension Fund Annual Report and Accounts 2022/23.

5. PENSION ADMINISTRATION PERFORMANCE 2022/23

With reference to paragraph 4 of the Minute of the Meeting held on 14 December 2021, there had been circulated copies of a report by the Director – People, Performance and Change which presented the Pensions Administration Performance for 2022/23 and requested the Committee's approval of its inclusion in the Annual Report for the Fund. Appendix 1 to the report contained the Pensions Administration Performance for 2022/23 as it would be included in the Fund's Annual Report and Accounts. During 2022/23 all payments, lump sums and monthly pension, were made on time. Performance had remained at the expected high standard, which was testament to the continued dedication of the staff within the Pensions Administration Team, having continued to homework for the majority of the year. The team also had turnover with two members of the team being replaced during the year. The Annual Benefit Statements for all deferred members were issued in advance of the 31 August deadline in all instances and made available via Members Self Service for all active members. The annual Employer Liaison Meeting was again held as a virtual meeting in March with the hybrid working arrangements that were in place for the majority of the Fund employers. The event was well attended with representatives from the majority of the Fund Employers. Updates were provided on Administration and the requirements for the year end reporting. Due to the hybrid working position, with staff working predominantly from home, no payslips had been issued to pensioners, however online access had been promoted, this along with information on the application of the Pensions Increase had been published on the Pension Fund Website. The annual P60's had been issued in accordance with the statutory timelines. Members welcomed the report and thanked the Team for their dedicated work.

DECISION

AGREED to note the Pension Administration Performance for 2022/23 as set out in Appendix 1 to the report and approve its inclusion in the Pension Fund Annual Report and Accounts 2022/23.

6. PENSIONS DASHBOARD AND DATA READINESS

With reference to paragraph 4 of the Minute of the meeting held on 12 September 2019 there had been circulated copies of a report by the Director – People, Performance and Change which sought approval to delegate the responsibility for the procurement of the Data Cleansing and Enrichment Service, Internet Service Provider (ISP) and Altair Mortality screening, as a supplement to the existing Pensions Administration System, for the Scottish Borders Council Pension Fund to the Director People Performance and Change. The report explained that in 2019 the Pension Fund agreed to the procurement and continued use of the Aquila Heywood (now known as Heywood Technologies) Pensions Administration System for a period of five years with the option to extend for a further five-year period on the approval of the Joint Committee and Board. All pension providers were going to need to connect to the Pensions Dashboard over time according to staging dates in legislation, the dates for this were currently unknown as there has been a delay announced and re-planning had not yet been shared. However, action needed to be taken for the Fund to be prepared for this on both a data and ISP provider selection. To take that forward it was proposed that action was taken using Heywood Technologies. Officers had been in discussion with Heywood Technologies over the pricing of additional services to support the data readiness and ongoing data management. The additional cost for the data services was £8,345 per annum with a one-off implementation fee of £1,697, with the annual fee being subject to indexation in line with the overall contract. That would allow the Fund to get its data up to date ahead of the go live of the Pension Dashboard which would improve the matching for those carrying out searches and avoid unnecessary additional work for the Fund in looking at partial matches. Additionally, it would address an action from the Clare Scott governance review to have a data improvement plan in place. With regard to the ISP implementation, the fees for that were £11,000 per annum with a one-off implementation fee of £10,000, with the annual fee being subject to indexation in line with the overall contract. Payment of those fees would not commence until such a time as the Fund was required to connect to the Dashboard. Heywood Technologies had developed a new Mortality screening module that directly connected to the Pensions Administration database and carried out checks for deaths, this covers active, deferred and pensioner members of the Fund. That would be used to supplement the Tell Us Once reporting method to add a further layer of control and mitigate risk of Tell Us Once not picking up on the passing of a scheme member. The fees for that were £2,000 per annum with a one-off implementation fee of £1,697, with the annual fee being subject to indexation in line with the overall contract. The HR Shared Services Manager, Mr Ian Angus presented the report and responded to Members questions. Regarding the dashboard, and how it relevant to the Fund, Mr Angus explained that under the relevant legislation the Fund was required to connect to the Department of Work and Pensions Pension Dashboard. That would enable pensioners to track and ultimately access all of the pots which they had funds in. The dashboard was part of a national initiative and would involve independent providers as well as local government pension schemes. In response to a question regarding plans to acquire updated information in instances where there was missing data, Mr Angus explained that the Fund was looking to use technology to fill in any gaps. Mr Angus undertook to investigate whether it would be possible to send out requests alongside Members Self-Service communications that Members update their data where appropriate. Information would also be included on the Fund's website.

DECISION

AGREED to approve:

- (a) the delegation of responsibility for the additional data cleansing and enrichment service along with the mortality screening to the Director People Performance and Change, with one off costs of £3,394 and annual fees of £10,345 for the duration of the contract subject to indexation on an annual basis for the support and maintenance; and**

- (b) **the delegation of responsibility for the Internet Service Provider connection to the Pensions Dashboard to the Director People Performance and Change, with one off costs of £10,000 and annual fees of £11,000 for the duration of the contract subject to indexation on an annual basis for the support and maintenance at the time we are required by legislation to connect.**

7. **BUSINESS PLAN 2023/24 - 2025/26**

There had been circulated copies of a report by the Acting Chief Financial Officer which presented the draft Pension Fund Business Plan 2023/24 – 2025/26 for approval. Best practice suggested that having a business plan for the pension fund was a good way of demonstrating compliance with the “Myners Principle” relating to effective decision making. Appendix 1 to the report contained the first Pension Fund Business Plan, covering the period 2023/24 – 2025/26. The Business Plan 2023/24 – 2025/26 identified an Action Plan that would be delivered during the next three years to support the aims and objectives of the Fund. In response to a question regarding the review and implementation of the stewardship code recommendations, Mrs Douglas undertook to investigate whether the timeline stated in the plan was correct and update it if appropriate. Regarding the approval of the Training Policy and Training Programme for 2023/24, the Mrs Douglas undertook to assess the dates for reports related to the Programme and report back.

DECISION

AGREED to approve the Pension Fund Business Plan 2023/24 – 2025/26 as contained in Appendix 1 to the report.

8. **RESPONSIBLE INVESTMENT MONITORING - PROJECT PLAN**

There had been circulated copies of the Responsible Investment Monitoring Project Plan by Isio with the agenda. Mr Andrew Singh of Isio explained that the Plan had previously been circulated at meetings throughout the year. The Plan had been agreed in June 2022, and had laid out Environmental, Social and Governance (ESG) Workstreams. Mr Singh explained that the reports related to the current meeting, which related to Strategy and Risk Management, would be considered under Private Business. In response to a question regarding investment in ultra processed food producers, Mr Singh explained that investments in such an area were of growing concern due to the potential negative health impacts of their consumption. Whilst considerable focus had been given to the management of investments as they related to environmental factors in recent years, increased attention was being extended to other elements of ESG factors. It was acknowledged that if the Fund held a belief that investments should not be made in a certain area, then investments could be excluded in that sector.

**DECISION
NOTED**

9. **PENSION FUND BUDGET OUT-TURN TO 31 MARCH 2023**

There had been circulated copies of a report by the Acting Chief Financial Officer which provided a final out-turn position of the Pension Fund for 2022/23 and sought agreement for the budget for 2023/24. The Local Government Pension Scheme (Scotland) Regulation 2014 required Administering Authorities to ensure strong governance arrangements and set out the standards they were to be measured against. To ensure the Fund met the standards a budget was approved on 17 March 2022 following the recommendations within the CIPFA accounting guidelines headings. The report was the final quarterly monitoring report of the approved budgets. Budgets for 2023/24 were included within the report for approval. The total expenditure to 31 March 2023 was £6.47m against a budget of £7.40m. That resulted in a budget underspend of £930k. The main element of underspend was within Investment Management fees due to the lower than estimated market valuations which formed the basis of the fee charges. A key objective of the Fund was to pay pension benefits as they became due. Due to the maturing nature of the Fund and that requirement, the Fund had included within its

investment strategy the requirement for income generating assets. The graph in the report showed the Fund had been able to fully meet its cashflow requirements. In response to a question regarding the appointment of a Pensions Manager, Mrs Douglas explained that there were plans in place for recruitment, but the position had not yet been advertised. Isio had provided excellent support as an interim measure. In response to a question regarding the expected timescale for recruitment, Mrs Douglas outlined that due to the nature of the position a 3-month notice period for any successful applicant was often standard, on-boarding would take time and acknowledged that sufficiently qualified applicants were not common.

**DECISION
AGREED:-**

- (a) to note the actual expenditure to 31 March 2023;**
- (b) to note the cash flow position; and**
- (c) the proposed budget for 2023/24.**

10. INFORMATION UPDATE

There had been circulated copies of a briefing note by the Acting Chief Financial Officer which provided an update on a number of areas which were being monitored and areas where work was progressing. Full reports on the individual areas would be tabled as decisions and actions were required. The HR Shared Services Manager confirmed that Hymans Robertson had confirmed that there were no changes to the draft Section 13 report, and that the Pension Fund had received no amber or red flags. The annual Overseas Life Certificate checks had been undertaken, with 42 issued and 22 returned. Certificates which were not returned would lead to the suspension of payments until the issue was resolved. In response to a question regarding whether pensioners were asked to return paperwork more than once before suspension, Mr Angus confirmed that a final reminder would be sent one week before the deadline date. Continual reminders were sent out as part of the process. Mr Angus confirmed that correspondence on the life checks were undertaken via email and explained that issues returning the certificates generally stemmed from pensioners getting access to appropriate Officials overseas. Mrs Douglas confirmed that work was underway on the refresh of the Pension Fund risk Register, supported by the Council's Chief Officer – Audit and Risk and Corporate Risk Officer, following the recommendations of the External Advisor, Clare Scott. Regarding the Stewardship Code, it was essential that the Fund take forward a number of future actions to sustain the accreditation. An independent consultant, Pat Tomlin, had been engaged to carry out project planning and develop an action plan to address identified priorities. Scheme Advisory Bulletins had been circulated with the agenda. Further training opportunities would be assessed as they arose, and they would be brought to the attention of Committee and Board Members. Mrs Douglas confirmed that a training matrix would be put in place following earlier discussions.

**DECISION
NOTED**

11. DRAFT ANNUAL REPORT AND ACCOUNTS 2022/23

There had been circulated copies of a report by the Acting Chief Financial Officer which provided an opportunity to scrutinise and approve the draft Annual Report and accounts for the Pension Fund for 2022/23 prior to their submission to the External Auditors. The Local Government Pension Scheme Amendment (Scotland) Regulations 2010 specified the elements which must be contained in the Annual Report and accounts, the list of these were contained in the report. The draft Report and accounts contained in Appendix 1 to the report fully met those requirements. The report was presented to enable members of both the Pension Fund Committee and the Pension Fund Board to consider the draft Annual Report and accounts for 2022/23 (the Annual Report) prior to External

Audit Inspection by the statutory deadline of 30 June 2023. The draft Report and accounts were still subject to statutory Audit, which would commence in July 2023. Following the statutory Audit process the final Report and accounts would be submitted to the joint Committee and Board to review and of recommendation for approval. The Director presented the report and highlighted that the Fund had continued to strengthen its Governance and Stewardship over the past year. Key targets for the year had been met by the Pension Team. In response to a question regarding the risk register, Mrs Douglas explained that a Risk Register Review had been agreed at the March meeting, as it had been determined that 51 risks were too many to monitor. Regarding whether the Committee and Board had met the training requirements, Mrs Douglas undertook to ensure that adequate training was being provided in line with the requirements.

**DECISION
AGREED:-**

- (a) to note the Draft Annual Report and Accounts 2022/23; and**
- (b) to approve their submission for review by the External Auditors, Audit Scotland.**

12. **ITEMS LIKELY TO BE TAKEN IN PRIVATE
AGREED under Section 50A(4) of the Local Government (Scotland) Act 1973 to excluded the public from the meeting during consideration of the business contained in the following items on the grounds that they involved the likely disclosure of exempt information as defined in paragraph 6 and 8 of Part 1 of Schedule 7A to the Act.**

SUMMARY OF PRIVATE BUSINESS

13. **MINUTE**
The Committee considered the Private Minute of the Meeting held on 21 March 2023.
14. **PENSION FUND INVESTMENT AND PERFORMANCE SUB-COMMITTEE**
The Committee considered the Private Minutes of the Meetings of the Pension Fund Investment and Performance Sub-Committee held on 28 June 2022 and 27 February 2023.
15. **INVESTMENT PERFORMANCE QUARTER TO 31 MARCH 2023**
The Committee noted the Quarter 4 Investment Performance report by Isio.
16. **QUINBROOK RENEWABLES IMPACT FUND**
The Committee considered and approved a report by Isio. The Committee noted a report by Isio.
17. **ESG IMPACT ASSESSMENT - 6 MONTH PROGRESS REPORT**
The Committee noted a report by Isio.
18. **TCFD - STRATEGY AND RISK MANAGEMENT**
The Committee approved a report by Isio.

The meeting concluded at 12.15 pm

**SCOTTISH BORDERS COUNCIL
PENSION FUND INVESTMENT AND PERFORMANCE SUB-COMMITTEE**

MINUTES of Meeting of the PENSION FUND INVESTMENT AND PERFORMANCE SUB-COMMITTEE held in the Waldorf Astoria Hotel, Edinburgh on Monday, 26 June 2023 at 2.00 pm

Present:- Councillors D Parker (Chairman), C. Hamilton, W. McAteer, S. Mountford, Ms K. M. Hughes, and Ms K. Robb.
Apologies:- Councillors P. Brown, D. Moffat, and S. Scott.
In Attendance:- Chief Executive, Director – Finance and Procurement, Ms K. Ferguson (Isio), Mr A. Singh (Isio) and J. Solanki (Isio), Democratic Services Officer (D. Hall)

1. **MINUTE**

There had been circulated copies of the Minute of the meeting held on 27 February 2023.

DECISION

NOTED for signature by the Chairman.

2. **PRIVATE BUSINESS**

AGREED under Section 50A(4) of the Local Government (Scotland) Act 1973 to exclude the public from the meeting during consideration of the business contained in the following items on the grounds that they involved the likely disclosure of exempt information as defined in paragraphs 6 and 8 of part 1 of Schedule 7A to the Act.

SUMMARY OF PRIVATE BUSINESS

3. **PRIVATE MINUTE**

The Sub-Committee noted for signature the Private Minute of the meeting held on 27 February 2023.

4. **INVESTMENT MANAGER BRIEFING PAPER**

The Committee noted a Manager Briefing Paper by Isio.

5. **PRESENTATION – M&G**

The Committee noted a presentation by M&G.

6. **PRESENTATION – PERMIRA CREDIT SOLUTIONS**

The Committee noted a presentation by Permira Credit Solutions.

7. **PRESENTATION – PARTNERS GROUP**

The Committee noted a presentation by Partners Group.

The meeting concluded at 5.00 p.m.

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PENSION FUND RISK REGISTER UPDATE

Report by Chief Officer Audit & Risk

JOINT PENSION FUND COMMITTEE AND PENSION FUND BOARD

22 September 2023

1 PURPOSE AND SUMMARY

- 1.1 The purpose of this report is to provide the Members of the Pension Fund Committee and Pension Fund Board with an update on the refresh of the Pension Fund Risk Register.**
- 1.2 Effective Risk Management is one of the foundations of effective governance of the Pension Fund. It requires a coherent approach to the management of risks that it faces every day through the identification, analysis, evaluation, control and monitoring of risks linked to the business plans and activities of the Pension Fund. The "Managing Risk in the Local Government Pension Scheme" published by CIPFA provides helpful guidance on the process.
- 1.3 At the Joint meeting of the Pension Fund Committee and Pension Fund Board on 21 March 2023, the proposal to refresh the Pension Fund Risk Register and the associated timetable were agreed, specifically to:
 - (a) Ensure the risks are appropriate, easily measurable and within their control.
 - (b) Incorporate the relevant risk management recommendations made by the Independent Consultant in December 2022, and by Internal Audit and External Audit during the year 2022/23.
 - (c) Reduce the number of risks on the Risk Register to a manageable amount.
 - (d) Amend the categorisation of risks to within the Categories: Funding; Investment; Administration; Governance; and Operational.
- 1.4 This report sets out proposals on the refreshed Pension Fund Risk Register.

2 RECOMMENDATIONS

- 2.1 I recommend that the Joint Pension Fund Committee and Board:**
 - a) Approves the refreshed Pension Fund Risk Register (Appendix 2) arising from the proposals to amalgamate and re-categorise the risks on a more manageable scale; and**
 - b) Notes that the formal full review of the risks in the refreshed Pension Fund Risk Register will continue, and quarterly updates will be presented to the Committee and Board.**

3 BACKGROUND

- 3.1 Effective Risk Management is one of the foundations of effective governance of the Pension Fund. It requires a coherent approach to the management of risks that it faces every day through the identification, analysis, evaluation, control and monitoring of risks linked to the business plans and activities of the Pension Fund. The "Managing Risk in the Local Government Pension Scheme" published by CIPFA provides helpful guidance on the process.
- 3.2 At the Joint meeting of the Pension Fund Committee and Pension Fund Board on 21 March 2023, the proposal to refresh the Pension Fund Risk Register and the associated timetable were agreed, specifically to:
- (e) Ensure the risks are appropriate, easily measurable and within their control.
 - (f) Incorporate the relevant risk management recommendations made by the Independent Consultant in December 2022, and by Internal Audit and External Audit during the year 2022/23.
 - (g) Reduce the number of risks on the Risk Register to a manageable amount.
 - (h) Amend the categorisation of risks to within the Categories: Funding; Investment; Administration; Governance; and Operational.
- 3.3 It was also proposed that the Committee should consider having a risk management framework for the Pension Fund.

4 RISK REGISTER REFRESH ACTIVITY

- 4.1 The Chief Officer Audit and Risk and the Corporate Risk Officer have undertaken a mapping exercise of the current Pension Fund Risk Register with a subsequent proposal drafted for the Committee's and Board's consideration in relation to the amalgamation of a number of risks, removal of risks outwith its control, and re-categorisation of the remaining risks. The exercise and subsequent proposal, if approved and implemented, to reduce the number of risks on the Pension Fund Risk Register to a more manageable number, will ensure the more efficient management of its risks.
- 4.2 The principles for the mapping exercise included the following:
- Identification of common or linked risk factors/causes and risk effect / consequences to inform amalgamation to ensure this insight is not lost.
 - Determination of risks that are outwith its control (the topics should still be covered within Information Updates to ensure awareness).
 - Analysis of similarity in internal controls and/or mitigation actions that are specified to manage the risks.
 - Capture of specific risk elements within amalgamated risks to ensure this insight is sustained.
 - Use of the highest risk score for the amalgamated risks.
 - Noting that risks can relate to multiple categories, though judgement applied to identify the best fit (with a resulting change of category, removing 'Operational' and adding 'National Policy / Regulations').
- 4.3 The Appendix 1 is the refreshed Pension Fund Risk Register for the Committee's and Board's consideration and approval, arising from the amalgamation and removal of risks, and framed within the proposed Categories.

5 RISK MANAGEMENT NEXT STEPS 2023/24

- 5.1 The Risk Review Programme of Work for the Corporate Risk Officer in 2023/24 will be developed on a quarterly rolling basis to incorporate the cycle of Pension Fund Risk Register reviews by the Risk Owners e.g. the Director of Finance & Procurement and HR Shared Services Manager; the Corporate Risk Officer will facilitate this process. It should be noted that arising from the proposed amalgamation and removal of risks, the next Pension Fund Risk Register update might contain amended or enhanced risk descriptions to reflect the Risk Review discussions with officers. The Pension Fund risk review activity will be aligned to the cycle of business to be considered at the joint meetings of the Committee and Board.
- 5.2 The Chief Officer Audit & Risk and the Corporate Risk Officer will develop a separate Risk Management policy and strategy for the Pension Fund for approval by the Committee and Board. This will ensure there is a relevant risk management framework in place for the Pension Fund aligned to its objectives, governance and administration.
- 5.3 Subject to the approval above, the Chief Officer Audit & Risk and the Corporate Risk Officer will prepare and deliver Risk Management Training for the members of the Committee and Board, and officers, to reflect the new Pension Fund Risk Management Policy and Strategy. This will ensure clarity on roles and responsibilities, process, oversight and monitoring.
- 5.4 The Corporate Risk Officer will develop a separate Risk Appetite Toolkit for the Pension Fund to enhance the risk process and capture the categories of risks faced.

6 IMPLICATIONS

6.1 Financial

There are no direct financial implications arising from the recommendations of the report.

6.2 Risk and Mitigations

The report sets to assure the Pension Fund Committee and the Pension Fund Board that the refresh of the risk register will enable more efficient and effective risk management arrangements going forward.

6.3 Integrated Impact Assessment

There is no relevance to Equality Duty or the Fairer Scotland Duty for this report. This is a routine good governance report for assurance purposes. An Integrated Impact Assessment (IIA) will be completed during the proposed development of a Risk Management Policy statement and Risk Management Strategy for the Pension Fund.

6.4 Sustainable Development Goals

The recommendations in this report will not directly impact any of the 17 UN Sustainable Development Goals. Good governance including the management of risks is important to enable the Pension Fund to achieve its objectives, including those supporting sustainable development.

6.5 **Climate Change**

This report does not relate to any proposal, plan or project and as a result the checklist on Climate Change is not an applicable consideration. Good governance including the management of risks, is important to enable the Pension Fund to achieve its objectives, including those relating to climate change.

6.6 **Rural Proofing**

This report does not relate to new or amended policy or strategy and as a result rural proofing is not an applicable consideration.

6.7 **Data Protection Impact Statement**

There are no personal data implications arising from the content of this report.

6.8 **Changes to Scheme of Administration or Scheme of Delegation**

No changes are required to either the Scheme of Administration or the Scheme of Delegation as a result of the content in this report.

7 CONSULTATION

7.1 The Director Finance & Procurement and HR Shared Services Manager of Scottish Borders Council, and Head of Governance at ISIO, have been consulted on the approach to the refresh of the Pension Fund Risk Register and appraised on the methodology used in advance of these proposals being presented to the Committee and Board. These discussions will continue on a regular basis to ensure these Risk Owners are engaged in the forthcoming Risk Review activity.

7.2 The Director Finance & Procurement, Director Corporate Governance (and Monitoring Officer), Director People Performance & Change, HR Shared Services Manager, Clerk to the Council, and Communications Team have been consulted on this report and any comments received have been taken into account.

Approved by

Jill Stacey, Chief Officer Audit and Risk Signature

Author(s)

Name	Designation and Contact Number
Jill Stacey	Chief Officer Audit & Risk
Emily Elder	Corporate Risk Officer

Background Papers: Pension Fund Risk Register @ 13 December 2022

Previous Minute Reference: Joint Pension Fund Committee and Pension Fund Board 21 March 2023

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






Contact us at Emily.Elder@scotborders.gov.uk






Appendix 1 – Pension Fund Risk Register





Refreshed summary @ August 2023



Risk Code	Risk Owner	Risk Category	Description	Risk Score	Risk Rating
PF101	Director Finance & Procurement	Funding	Investment Strategy is inconsistent with Funding Strategy may lead to the fund not being managed properly through setting employer contribution rates incorrectly resulting in the future liabilities of the Fund not being able to be covered by its assets and requiring employers to increase contribution rates to address any funding gap. <i>(previous Risk 1.9)</i>	4 Minor - Unlikely	
PF102	Director Finance & Procurement	Funding	Failure of Funds investment returns to keep pace with growth in liabilities due to pay and CPI Inflation increase, which may lead to Funding Levels falling and potentially requiring increases in employer contribution rates. <i>(previous Risk 1.10)</i>	12 Moderate - Likely	
PF103	Director Finance & Procurement	Funding	Failure of a Scheme Employer may lead to a shortfall in the funding levels of whole Fund resulting in increases for all other employers contributions. <i>(previous Risk 2.3 plus amalgamation of Risks 2.1, 2.2, 2.5, 2.6 & 2.7)</i>	6 Moderate - Unlikely	
PF104	Director Finance & Procurement	Funding	Significant differences between Actuarial Assumptions in the Triennial Valuation Reports and reality may lead to setting Funding and Investment Strategies which may result in insufficient cash flow to fund current obligations or insufficient funding to cover future liabilities. <i>(previous Risk 4.3 plus amalgamation of Risks 4.1 and 4.4)</i>	6 Minor - Possible	

Risk Code	Risk Owner	Risk Category	Description	Risk Score	Risk Rating
PF201	Director Finance & Procurement	Investment	Failure to achieve the target investment returns set out in the Statement of Investment Principles over the longer term may lead to significant increased employer contribution rates and costs of implementing changes to the investment strategy. <i>(previous Risk 1.1 plus amalgamation of Risks 1.7 and 1.8)</i>	12 Major - Possible	
PF202	Director Finance & Procurement	Investment	Failure to react to major changes in market/economic conditions may lead to an inability to manage the fund properly resulting in significant adverse impact on valuation of investment assets and assessment of Fund's future liabilities. <i>(previous Risk 1.6)</i>	9 Moderate - Possible	
PF203	Director Finance & Procurement	Investment	Failure to manage the liquidity required for the Fund's cash flows may lead to assets being sold at unattractive times or investment opportunities missed due to unavailability of cash, resulting in an adverse impact on the valuation of the Fund's assets. <i>(previous Risk 4.6 plus amalgamation of Risks 4.5, 4.7 and 5.8)</i>	4 Minor - Unlikely	
PF301	Director Finance & Procurement / Director People, Performance & Change	Administration	Over reliance on key officers may lead to significant knowledge gaps resulting in failure to manage the Fund effectively. <i>(previous Risk 3.1 plus amalgamation of Risk 3.5)</i>	4 Minor - Unlikely	
PF302	HR Shared Services Manager	Administration	Failure to process pension payments and lump sums on time may lead to financial distress for retiring staff and potential referral to the Pensions Regulator and/or external auditor resulting in the possibility of penalty costs and reputational damage. <i>(previous Risk 5.1)</i>	4 Minor - Unlikely	

Risk Code	Risk Owner	Risk Category	Description	Risk Score	Risk Rating
PF303	HR Shared Services Manager	Administration	Failure to collect and account for contributions from employers and employees on time may lead to adverse cash flow implications for the Fund potentially resulting in adverse external audit opinion, referral to the Pensions Regulator, reputational damage and requirement to divest investments to fund the cash flow deficit. <i>(previous Risk 5.2)</i>	4 Minor - Unlikely	
PF304	HR Shared Services Manager	Administration	Failure to hold personal data securely resulting in personal data loss, reputational damage and potential financial penalty <i>(previous Risk 5.5 plus amalgamation of Risk 5.6)</i>	4 Minor - Unlikely	
PF305	HR Shared Services Manager	Administration	Risk of cyber security breach <i>(previous Risk 6.6)</i>	10 Catastrophic - Unlikely	
PF401	Director Finance & Procurement / Director People, Performance & Change	Governance	Failure to understand and be involved in proposed structural changes in employers' engagement in the Scheme may lead to failure to manage the transition to a different level/type of participation by the employer in the Fund resulting in inappropriate employer contribution rates and insufficient management of contributions to cover future liabilities of that employer. <i>(previous Risk 2.4)</i>	4 Minor - Unlikely	
PF402	Director Finance & Procurement / Director People, Performance & Change	Governance	Failure to provide appropriate training and support and/or secure Board/Committee Member engagement in Training Programme may lead to ineffective management of the Fund as a result of poorly informed decision making. <i>(previous Risk 3.2 plus amalgamation of Risks 1.4, 3.3, 3.4 and 7.1)</i>	4 Minor - Unlikely	

Risk Code	Risk Owner	Risk Category	Description	Risk Score	Risk Rating
PF403	Director Finance & Procurement	Governance	Failure of the Fund's Governance arrangements may lead to ineffective management of the Fund resulting in reputational damage <i>(previous Risk 7.2 plus amalgamation of Risks 7.3, 7.4 and 7.5)</i>	4 Minor - Unlikely	
PF501	Director Finance & Procurement / HR Shared Services Manager	National Policy / Regulations	Failure to administer and manage Fund in line with requirements of legislation and other regulations e.g. LGPS regulations, HMRC may lead to benefits calculated incorrectly and/or breach legislation <i>(previous Risk 6.1)</i>	4 Minor - Unlikely	
PF502	Director Finance & Procurement	National Policy / Regulations	Changes in legislation and other regulatory frameworks may impact adversely on the Fund in terms of funding levels and governance structures <i>(previous Risk 6.2 plus amalgamation of Risk 6.5)</i>	16 Major - Likely	
PF503	Director Finance & Procurement	National Policy / Regulations	Pension Fund does not fulfil its fiduciary duties with appropriate regard with its ESG responsibilities <i>(previous Risk 7.6 plus amalgamation of Risk 1.12)</i>	4 Minor - Unlikely	



PENSION FUND BUDGET MONITORING TO 30 JUNE 2023

Report by Director of Finance and Procurement

JOINT PENSION FUND COMMITTEE AND PENSION FUND BOARD

22 September 2023

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 budget to 30 June 2023 including projections to 31 March 2024.**
- 1.2 The Local Government Pension Scheme (Scotland) Regulation 2014 requires Administering Authorities to ensure strong governance arrangements and sets out the standards they are to be measured against.
- 1.3 To ensure the Fund meets the standards a budget was approved on 22 June 2023 following the recommendations within the CIPFA accounting guidelines headings. This report is the first quarterly monitoring report of the approved budgets.
- 1.4 The total expenditure to 30 June 2023 is £1.596m with a projected total expenditure of £6.967m against a budget of £6.953m. This projects a budget variance of £14k which represents the additional actuary costs for contribution rate modelling.

2 RECOMMENDATIONS

2.1 It is recommended that the Pension Fund Committee: -

- (a) Notes the actual expenditure to 30 June 2023; and**
- (b) Agrees the projected out-turn as the revised budget.**

3 BACKGROUND

- 3.1 The Local Government Pension Scheme (Scotland) Regulation 2014 requires Administering Authorities to ensure strong governance arrangements and sets out the standards they are to be measured against. The Fund is required to report on an annual basis within its Annual Report if it has met these standards. To demonstrate full compliance requires the setting and monitoring of a budget for the Fund.
- 3.2 A budget was approved at the Joint Pension Fund Committee and Pension Fund Board meeting on 22 June 2023 for 2023/24. The approved budget follows the Local Government Pension Scheme management costs guidance issued by CIPFA into the following 3 categories.

Category	Costs included
Investment Management	All expenses incurred in relation to management of pension fund assets. Including costs invoiced direct and fees deducted from fund assets. Custody and performance fees also included
Administration	Costs incurred in administration of the fund including staff, IT costs and associated overheads, benefits consultants.
Oversight and governance	Costs incurred in the selection & appointment of managers, audit fees, investment advisory services, tax advisory, accounting services, banking service and support to the pensions committee and board.

4 MONITORING TO 30 JUNE 2023

- 4.1 The table below shows the expenditure to 30 June 2023, projected out-turn to 31 March 2024 and current approved budget for 2023/24.

	Expenditure to 30 June 23 £000's	Projected to 31 March 24 £000's	2023/24 Budget	2023/24 Variance £000's
Investment Management	1,332 (Please see 4.2)	6,008	6,008	0
Administration	114	474	474	0
Oversight & Governance	150	485	471	14
Total	1,596	6,967	6,953	14

- 4.2 Investment Management fees are charged on a quarterly basis in arrears based on the value of assets held on a quarterly basis. The first quarter's investment management fees are not complete in that a number of

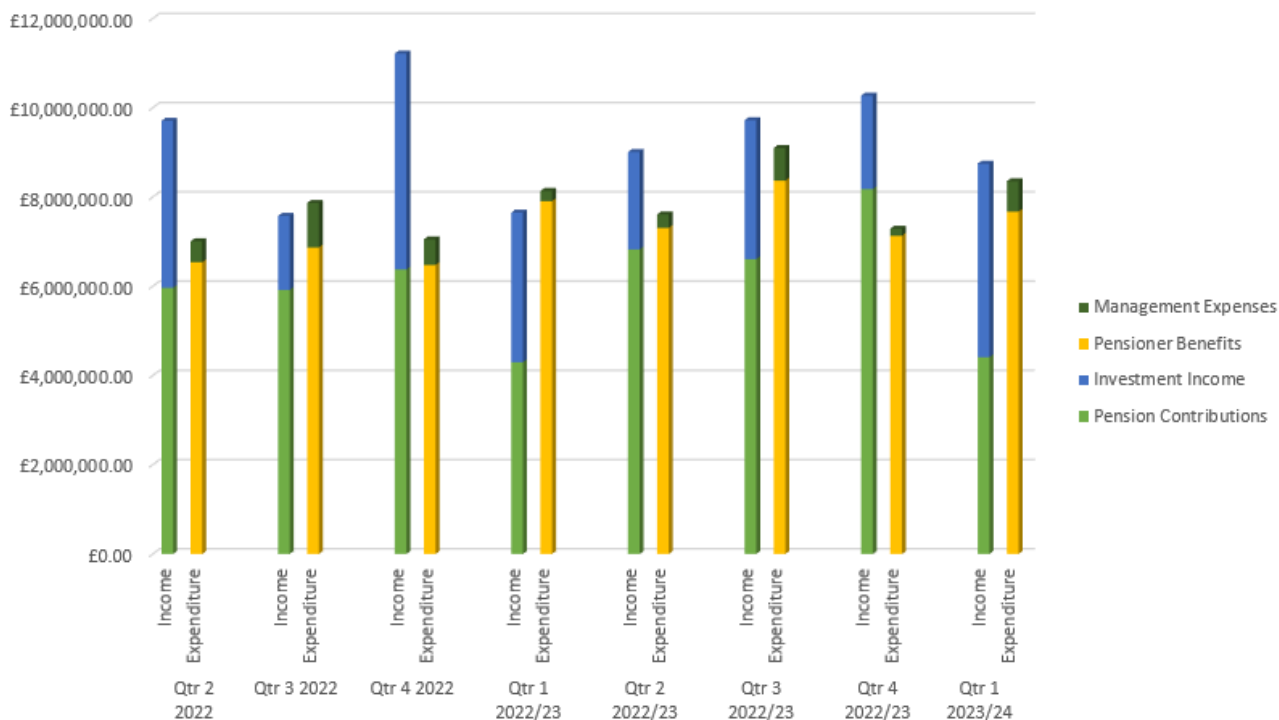
investment managers have not provided their fees for the quarter to 30 June 2023.

- 4.3 Reflected within Administration additional costs of £14k which represents additional actuary costs for contribution rate modelling.
- 4.4 Included within the Oversight & Governance outturn above are costs of £30,700 in relation to additional Isio support costs to assist with management of the Pension Fund during 2023.

5 CASHFLOW MONITORING

- 5.1 A key objective of the Fund is to ensure the funds are in place to pay the members benefits. The Fund has been a mature fund since 2013/14 with the number of pensioners and their dependants exceeding contributing members. This in turn has resulted in the monthly cash out goings for pension benefits and expenses being higher than the contributions collected from active members.
- 5.2 To ensure the Fund continues to meet its primary objective the investment strategy approved by Committee incorporates an element of income generating assets to supplement member and employer contributions. These income generation assets are expected to enable the cash flow requirements of the Fund to be fully met without the requirement to disinvest from assets.
- 5.3 The graph over reflects cash expenditure for pension benefits, investment manager fees and operational costs of the Fund on a quarterly basis from April 2022 to June 2023. Income shown is the contributions received from employers and employee and investment income received as cash. The figures excluded any principle returned or invested.

Pension Fund - Cash Flow



5.4 The graph shows some quarter with surplus income and others with deficits. However over the 24 month period shown the total cash received was £73.9m, cash expenditure was £62.4m, resulting in a cash surplus of £11.5m over the period. This surplus has been utilised in part to fund draw down notices from the Infrastructure managers.

6 IMPLICATIONS

6.1 Financial

There are no costs attached to any of the recommendations contained in this report.

6.2 Risk and Mitigations

This report is part of the governance framework to manager the operation of the Pension Fund and reflects the compliance with the best practice recommendations. Risks are managed in line with the Corporate Risk Management framework, with risks and controls monitored and reported on a quarterly basis.

6.3 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 und 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.

6.4 Sustainable Development Goals

There are no direct impacts from this report on the sustainable development goals of the Council.

6.5 Climate Change

There are no direct climate change impacts as a result of this report.

6.6 Rural Proofing

It is anticipated there will be no adverse impact on the rural area from the proposals contained in this report.

6.7 Data Protection Impact Statement

There are no personal data implications arising from the proposals contained in this report.

6.8 Changes to Scheme of Administration or Scheme of Delegation

There are not changes to the Scheme of Administration or the Scheme of Delegation required as a result of this report.

7 CONSULTATION

7.1 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 have been consulted and any comments received have been incorporated into the final report.

Approved by

Name **Suzy Douglas** **Signature**

Title **Director of Finance and Procurement**

Author(s)

Name	Designation and Contact Number
Suzy Douglas	Director of Finance and Procurement 01835 824000 ext 5881

Background Papers: Previous Minute Reference: Joint 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 Pension & Investment Team can also give information on other language translations as well as providing additional copies.

Contact us at Contact us at: Pension & Investment Team, Council Headquarters, Newtown St Boswells, Melrose, TD6 OSA Tel: 01835 825249 Fax 01835 825166. email: treasuryteam@scotborders.gov.uk

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COMMUNICATION POLICY REVIEW

Report by Director People Performance and Change

JOINT MEETING OF PENSION FUND COMMITTEE AND PENSION BOARD

22 September 2023

1 PURPOSE AND SUMMARY

- 1.1 **This report provides a review on the Communication Policy and provides an update on the review of forms and communication, including annual benefit statements. In line with the Pension Fund business plan the Policy should be reviewed on an annual basis. This report discharges that requirement.**
- 1.2 **Appendix 1** contains the Communication Policy, there have been no changes made to the policy following review. When the review was carried out last year there was an addition made for the Fund to produce an update newsletter in June and December, this has not been achieved to date and is something that officers will look to address this year.
- 1.3 The Pension Fund website continues to prove to be a useful resource and has been visited on a regular basis. This continues to be updated to reflect the current Regulations and any relevant documents or news stories are published accordingly. Additionally, the link to the Member Self Service portal has been added.
- 1.4 The Pensions Administration team have carried out a review of the supporting information published along with the Annual Benefit Statements. Officers continue to encourage scheme members to sign up to the Members Self Service portal, with wording provided to all Fund Employers to use when advising that the Annual Benefit Statements were published ahead of the deadline date. Work continues to review processes and associated Forms making use of emerging digital technologies wherever possible.

2 RECOMMENDATIONS

- 2.1 **It is recommended that the Pension Fund Committee:**
 - (a) **Notes the Communication Strategy as set out in Appendix 1;**
 - (b) **Notes the website performance;**

(c) Notes that work has continued on the review of Forms and the Annual Benefit statement documentation has been reviewed

3 BACKGROUND

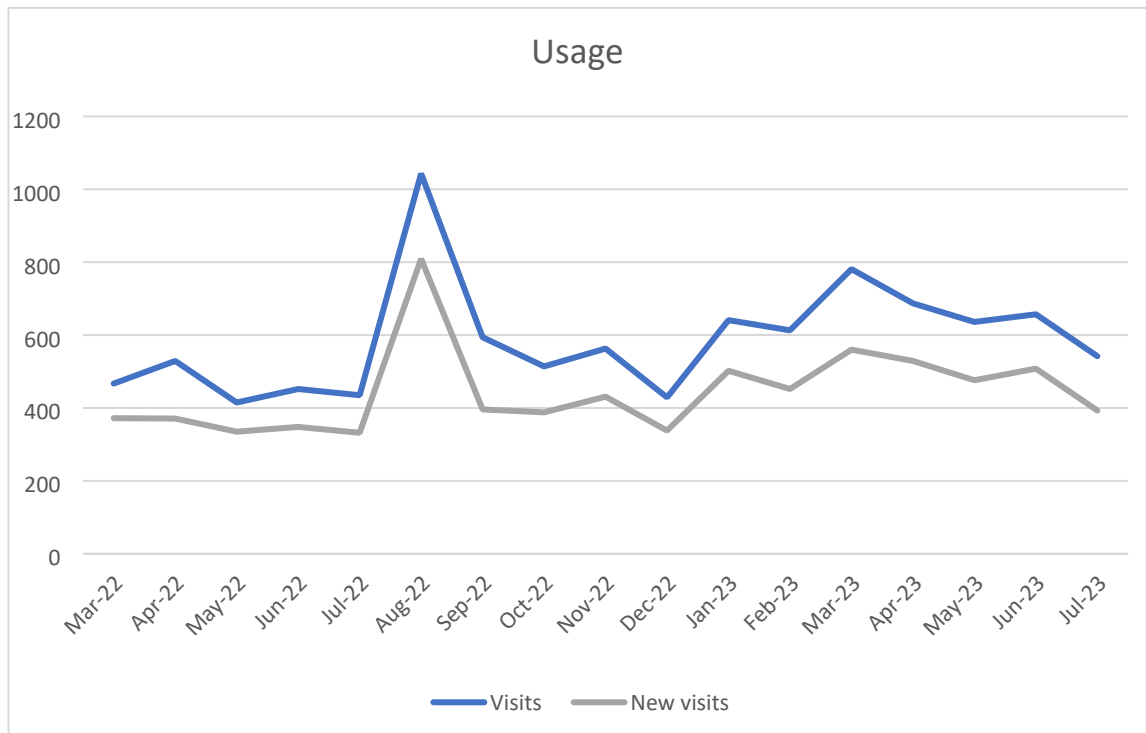
- 3.1 Regulation 59 of the Local Government Pension Scheme (Scotland) Regulations 2018 advises that an administering authority should have a Communications Policy. This should then be published by the administering authority.
- 3.2 In accordance with the Regulations the statement must be revised and published by the administering authority following a material change in their policy on any of the matters listed within Regulation 59.
- 3.3 The Pension Fund Business Plan also outlined a requirement to review the Communication Policy and Action plan, including all forms and communication material, on an annual basis, making sure that this is in line with best practice and technological advancements.

4 PENSIONS COMMUNICATION POLICY REVIEW

- 4.1 **Appendix 1** contains the Communication Policy, there have been no changes made to the policy following review.
- 4.2 When the review was carried out last year there was an addition made for the Fund to produce an update newsletter in June and December, this has not been achieved to date and is something that officers will look to address this year.
- 4.3 Officer continue to keep the Pension Fund website (www.scottishborderscouncilpensionfund.org) updated with relevant information and copies of the latest approved documents.
- 4.4 Officers have obtained statistical information from the Website and the following graphic details the number of visits that there have been to the site.



The following graphic shows the usage of the website and if the visitor was a first time visitor, with the gap being repeat visitors.



4.5 Prior to the issuing of the Annual Benefit Statements for deferred members, where they had not signed up for Member Self Service, the content was reviewed and updated to take account of current Regulations and to encourage members to sign up to the Member Self Service online portal. Annual Benefit statements for all active members have been published on the Member Self Service online portal, messages have been issued through Yammer for Scottish Borders Council employees and content passed to all Fund Employers for sharing with their scheme members.

4.6 Officers within HR Shared Services continue to review processes in light of the continued home working to make sure that they remain fit for purpose. Further review of the communication policy will be carried out in line with the business plan and this will reflect any changes to process that have an impact on the way in which we communicate with all stakeholders.

5 IMPLICATIONS

5.1 Financial

There are no costs attached to any of the recommendations contained in this report.

5.2 Risk and Mitigations

This report is part of the governance reporting framework to manage the operation of the Pension Fund and reflects the compliance with the best practice recommendations. Risks regarding the admission of any new employer organisation have been identified and form part of the considerations for admission to the Fund.

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 2018. 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 Director (Finance & Procurement), the Director (Corporate Governance), the Chief Officer Audit and Risk, the Clerk to the Council and Corporate Communications are being consulted and any comments received will need to be incorporated into the final report.

Approved by

Name **Clair Hepburn** **Director People Performance and Change**

Author(s)

Name	Designation and Contact Number
Ian Angus	HR Shared Services Manager 01835 826696

Background Papers:

Previous Minute Reference: 15 September 2022

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

Contact us at Ian Angus, HR Shared Services Manager, Council Headquarters,
Newtown St Boswells, Melrose, TD6 0SA; Tel: 01835 826696; Fax: 01835 825011;
E-mail iangus@scotborders.gov.uk.

SCOTTISH BORDERS COUNCIL PENSION FUND COMMUNICATION POLICY

**HR Shared Services
People Performance & Change
Version 2021 1.3**

Approved: Joint Pension Fund Committee and Pension Board 15 September 2022

1. Introduction

Scottish Borders Council administers the Local Government Pension Scheme (LGPS) on behalf of Employers participating in the Scheme through Scottish Borders Council Pension Fund for local government employers and associated bodies within the Scottish Borders.

Regulation 59 of the Local Government Pension Scheme (Scotland) Regulations 2018 requires the following information to be published: -

- (1) An administering authority must prepare, maintain and publish a written statement setting out its policy concerning communications with –
 - a) Members;
 - b) Representatives of members;
 - c) Prospective members; and
 - d) Scheme employers.
- (2) In particular the statement must set out its policy on –
 - a) The provision of information and publicity about the Scheme to members, representative of members and Scheme employers;
 - b) The format, frequency and method of distributing such information or publicity; and
 - c) The promotion of the Scheme to prospective members and their employers.
- (3) The statement must be revised and published by the administering authority following a material change in their policy on any of the matters referred to in paragraph 2.

Other Legislation

The Fund must also satisfy the requirements of the Occupation Pension Schemes (Disclosure of Information) Regulations and other legislation such as the Public Sector Pensions Act 2013 which introduced a framework for the governance and administration of public sector pension schemes and regulatory oversight provided by The Pensions Regulator.

A Code of Practice has been issued by the Pensions Regulator that covers the type of information that pension scheme are required to disclose. The Pension Regulator's objectives are to protect the benefits of members, promote and improve understanding of good pension administration and maximise compliance. The Regulator's Code of Practice 14 covers the type of information that pension schemes are required to disclose about the scheme and the benefits provided to members.

2. Vision

Our vision is to provide access to all information required for anyone who has an interest in the Scottish Borders Council Pension Fund, we endeavour to make pension issues understandable to all and promote membership of the Fund.

3. Aims and Objectives

The overall aim of the communications policy is to provide communication in an efficient manner to all stakeholders, ensuring that it is: -

- Delivered in a timely efficient and effective manner
- Provides relevant content to the audience, with a clear purpose and message
- Well written, avoiding being of a technical nature wherever possible based on the differing needs of the stakeholders
- Becoming increasingly digital

The objective of this policy is to ensure that: -

- Pension regulations and the policies of the Fund are communicated in a clear and informative manner
- Benefits of the scheme are promoted to ensure this is recognised as an integral part of the employee reward package
- Information is provided in the most appropriate manner to allow scheme members to make more informed decisions relating to their pensions
- Communication methods are continually evaluated, assessed and redesigned where necessary to ensure continuing effectiveness

4. Stakeholders

Our stakeholders are: -

- Scheme members – Active, Deferred and Pensioners
- Scheme employers
- Scottish Borders Council, the scheme manager
- The Pensions Committee of Scottish Borders Council
- The Pensions Board
- Pensions administration and investment teams
- LGPS (Scotland) Scheme Advisory Board
- Scottish Public Pensions Agency
- The Pensions Regulator
- Scheme Actuary
- Scheme Auditors
- Trade Unions
- HMRC
- AVC Provider
- Other stakeholders and bodies

5. Communication Methods

Fund Website

In order to provide information to as many stakeholders as possible at a time that suits them we provide access to the following: -

- Scheme policies
- Scheme benefits
- Contact details
- Links to other useful sites

The scheme website can be found at www.scottishborderscouncilpensionfund.org

Scottish Borders Council Website

The Pension Committee and Local Pension Board agendas and minutes can be found on the main Council website, www.scotborders.gov.uk

Member Self Service

The Fund has deployed a secure portal for all active and deferred members of the LGPS, which provides direct access for scheme members to view personalised pension data. The portal allows members to carry out the following: -

- View all the details they need about their LGPS Pension in real time
- Carry out pension quotes on demand without needing to contact The Pensions Team
- Annual Benefit Statements available to view
- Check and update nominations of beneficiary
- Upload any documents that the Pensions Team request
- Use the contact facility to raise any questions in an electronic manner
- Provide feedback on the MSS application

Web address for the MSS portal – <https://scotborders.hostingssf.aquilaheywood.com>

General Communications

The fund uses both surface and e-mail to send and receive general correspondence. Our standard business hours are Monday to Thursday 8:45am to 5:00pm and Friday 8:45am to 3:45pm.

E-mail enquiries should be addressed to pensions@scotborders.gov.uk

Postal enquiries should be addressed to

The Pensions Team
Scottish Borders Council
Council Headquarters
Newtown St. Boswells
Melrose
Roxburghshire
TD6 0SA

Telephone enquiries should be made to the HR Shared Services helpline 01835 825052 during standard business hours.

Scheme Newsletter

The Fund will issue a newsletter on two occasions throughout the year, June and December, this will provide all members with information on what has been agreed at Pension Committee meetings and plans for the Fund for the coming period. This will include information on upcoming legislative changes affecting members and information on investments.

Intranet and Yammer

This is available to all Fund members who are employees of Scottish Borders Council and will be used as an additional means of communicating key messages about the Local Government Pension Scheme.

Roadshows/Presentations

We are happy to visit employer workplaces and attend roadshows, seminars, induction and pre-retirement presentations on request, a minimum period of 4 weeks' notice will be required to allow for appropriate preparations.

Visit to our Offices

Scheme members can arrange to visit our offices to speak to a member of The Pensions Team, please pre-book appointments by e-mail or telephone with a minimum of two weeks notice. We are also able to offer virtual meetings through the use of Microsoft Teams where we can share documents with scheme members and answer any questions in the same way as a traditional face to face meeting, these can be booked with less notice dependant on the availability of the appropriate officer within the Team.

6. Specific Communications

Pensioners

On a monthly basis payslips are issued where there is a change in net pay of more than £5.00 when compared to the previous month, pensioners are also able to sign up to access Business World Self Service and view online copies of monthly payslips. On an annual basis P60's are issued and details in relation to the Pensions Increase and how this will apply to them.

Active Members

On joining the scheme new members are issued with a certificate of membership and a copy of the current scheme booklet. All scheme members are issued with an Annual Benefit Statement via the Member Self Service portal, personalised to the scheme member, these are issued by 31 August in accordance with the scheme regulations. Included with the statement are explanatory notes and forms regarding Nominated Beneficiaries to ensure these remain up to date.

In the event of changes to scheme regulations these will be brought to the attention of the scheme members either through direct mail, publication on the Fund Website and/or via the employers normal communication channels, intranet for Scottish Borders Council the Funds main employer.

Deferred Members

All deferred members are issued an Annual Benefit statement via the Member Self Service portal with the same information provided to the Active Members by 31 August each year.

Prospective Members

We work with employers to promote the benefits of membership of the scheme through promotional material, including scheme booklets, and access to the Fund website.

Scheme Employers

We provide an annual Pension Fund Employer Forum where all employers are invited to attend and are provided with information regarding scheme regulations in the past year and requirements for the year end, as such the events are usually held in March to ensure information pertaining to the year end is as up to date as possible. All employers are issued with the Pensions Administration Strategy outlining service standards and performance measurements against these standards.

All scheme employers have access to the Fund Website where they can obtain access to the scheme policies, additionally, there is a publicly accessible section of the Scottish Borders Council website where information relating to the joint Pension Fund Committee and Board can be accessed allowing all employers to see what is being discussed.

Pension Fund Committee and Board

In addition to papers for decisions the Pensions Investment and Administration teams present a quarterly paper bringing the Committee and Board members up to date with specific matters and updating on progress of previously agreed actions. This can be found on the Scottish Borders Council website as part of the Agenda pack for each meeting.

VERSION CONTROL TABLE

Version	Nature of Amendment	Date of Change	Author
2018 1.0	Creation of Pension Communication Policy	9 November 2018	Ian Angus
2020.1.1	Update on other legislation and code of practice, payslip on line and virtual meetings availability	4 September 2020	Ian Angus
2021 1.2	Update on Member Self Service, Intranet and Yammer	30 August 2021	Ian Angus
2022 1.3	Update to include the issue of Scheme Newsletter on a six monthly basis along with other general updates	22 August 2022	Ian Angus

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Contact us at Ian Angus, HR Shared Services Manager, Old School Building, Newtown St Boswells, TD6 0SA
 01835 826696, iangus@scotborders.gov.uk

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Integrated Impact Assessment (IIA)

Stage 1 Scoping and Assessing for Relevance

Section 1 Details of the Proposal

A. Title of Proposal:	Communication Policy
B. What is it?	A new Policy/Strategy/Practice <input type="checkbox"/> A revised Policy/Strategy/Practice <input checked="" type="checkbox"/>
C. Description of the proposal: (Set out a clear understanding of the purpose of the proposal being developed or reviewed (what are the aims, objectives and intended outcomes, including the context within which it will operate))	Pension Fund Communication Policy review, which forms part of good governance requirements under the LGPS (Governance) (Scotland) Regulations 2014
D. Service Area: Department:	Scottish Borders Council Pension Fund People, Performance and Change
E. Lead Officer: (Name and job title)	Ian Angus, HR Shared Services Manager
F. Other Officers/Partners involved: (List names, job titles and organisations)	
G. Date(s) IIA completed:	28 th August 2023

Section 2 Will there be any impacts as a result of the relationship between this proposal and other policies?

Yes / No (please delete as applicable)

If yes, - please state here:

Section 3 Legislative Requirements

3.1 Relevance to the Equality Duty:

Do you believe your proposal has any relevance under the Equality Act 2010?

(If you believe that your proposal may have some relevance – however small please indicate yes. If there is no effect, please enter “No” and go to Section 3.2.)

Equality Duty

Reasoning:

A. Elimination of discrimination (both direct & indirect), victimisation and harassment. *(Will the proposal discriminate? Or help eliminate discrimination?)*

No, given the subject matter of this assessment, it is not relevant to Equality duty.

B. Promotion of equality of opportunity?
(Will your proposal help or hinder the Council with this)

No, given the subject matter of this assessment, it is not relevant to Equality duty.

C. Foster good relations?
(Will your proposal help to foster or encourage good relations between those who have different equality characteristics?)

No, given the subject matter of this assessment, it is not relevant to Equality duty.

**3.2 Which groups of people do you think will be or potentially could be, impacted by the implementation of this proposal?
(You should consider employees, clients, customers / service users, and any other relevant groups)**

Please tick below as appropriate, outlining any potential impacts on the undernoted equality groups this proposal may have and how you know this.

	Impact			Please explain the potential impacts and how you know this
	No Impact	Positive Impact	Negative Impact	
Age Older or younger people or a specific age grouping	X			No impact or relevance. This is a routine good governance report required LGPS (Governance)(Scotland) Regulations 2014.
Disability e.g. Effects on people with mental, physical, sensory impairment, learning disability, visible/invisible, progressive or recurring	X			No impact or relevance. This is a routine good governance report required LGPS (Governance)(Scotland) Regulations 2014.
Gender Reassignment/ Gender Identity anybody whose gender identity or gender expression is different to the sex assigned to them at birth	X			No impact or relevance. This is a routine good governance report required LGPS (Governance)(Scotland) Regulations 2014.
Marriage or Civil Partnership people who are married or in a civil partnership	X			No impact or relevance. This is a routine good governance report required LGPS (Governance)(Scotland) Regulations 2014.
Pregnancy and Maternity (refers to the period after the birth, and is linked to maternity leave in the employment context. In the non-work context, protection against maternity discrimination is for 26 weeks after giving birth),	X			No impact or relevance. This is a routine good governance report required LGPS (Governance)(Scotland) Regulations 2014.
Race Groups: including colour, nationality, ethnic origins, including minorities (e.g. gypsy travellers, refugees, migrants and asylum seekers)	X			No impact or relevance. This is a routine good governance report required LGPS (Governance)(Scotland) Regulations 2014.

Religion or Belief: different beliefs, customs (including atheists and those with no aligned belief)	X			No impact or relevance. This is a routine good governance report required LGPS (Governance)(Scotland) Regulations 2014.
Sex women and men (girls and boys)	X			No impact or relevance. This is a routine good governance report required LGPS (Governance)(Scotland) Regulations 2014.
Sexual Orientation , e.g. Lesbian, Gay, Bisexual, Heterosexual	X			No impact or relevance. This is a routine good governance report required LGPS (Governance)(Scotland) Regulations 2014.
<p>3.3 Fairer Scotland Duty</p> <p>This duty places a legal responsibility on Scottish Borders Council (SBC) to actively consider (give due regard) to how we can reduce inequalities of outcome caused by socioeconomic disadvantage when making <u>strategic</u> decisions.</p> <p>The duty is set at a strategic level - these are the key, high level decisions that SBC will take. This would normally include strategy documents, decisions about setting priorities, allocating resources and commissioning services.</p>				
<p>Is the proposal strategic? Yes/ No (<i>please delete as applicable</i>) If No go to Section 4</p>				
<p>If yes, please indicate any potential impact on the undernoted groups this proposal may have and how you know this:</p>				
	Impact			State here how you know this
	No Impact	Positive Impact	Negative Impact	
Low and/or No Wealth – enough money to meet basic living costs and pay bills but have no				

savings to deal with any unexpected spends and no provision for the future.				
Material Deprivation – being unable to access basic goods and services i.e. financial products like life insurance, repair/replace broken electrical goods, warm home, leisure and hobbies				
Area Deprivation – where you live (e.g. rural areas), where you work (e.g. accessibility of transport)				
Socio-economic Background – social class i.e. parents’ education, employment and income				
Looked after and accommodated children and young people				
Carers paid and unpaid including family members				
Homelessness				
Addictions and substance use				
Those involved within the criminal justice system				

3.4 Armed Forces Covenant Duty (*Education and Housing/ Homelessness proposals only*)

This duty places a legal responsibility on Scottish Borders Council (SBC) to actively consider (give due regard) to the three matters listed below in Education and Housing/ Homelessness matters.

This relates to current and former armed forces personnel (regular or reserve) and their families.

Is the Armed Forces Covenant Duty applicable?

Yes/ No

If “Yes”, please complete below

Covenant Duty	How this has been considered and any specific provision made:
The unique obligations of, and sacrifices made by, the armed forces;	
The principle that it is desirable to remove disadvantages arising for Service people from membership, or former membership, of the armed forces;	
The principle that special provision for Service people may be justified by the effects on such people of membership, or former membership, of the armed forces.	

Section 4 Full Integrated Impact Assessment Required

Select No if you have answered “No” to all of Sections 3.1 – 3.3.

Yes/ No (please delete as applicable)

If yes, please proceed to Stage 2 and complete a full Integrated Impact Assessment

If a full impact assessment is not required briefly explain why there are no effects and provide justification for the decision.

Report is a regular governance report required to ensure good governance of the Pension Fund. All members of the Fund have equal status under the regulations followed.

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Signed by Lead Officer:	Ian Angus
Designation:	HR Shared Services Manager
Date:	28th August 2023
Counter Signature Director:	
Date:	

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Scottish Borders Council Pension Fund

Responsible Investment Project Plan

September 2023

Q3 2023

Stewardship Code

Prepare updated submission to the UK Stewardship Code for 2022/23

Implementation Statement

as at 31 March 2023
(Used to evidence principles of voting and engagement under the UK Stewardship code)

Q4 2023

RI Metrics and Targets

Annual position update of the Committee's agreed ESG metrics and targets

Q1 2024

ESG/Climate Impact Assessment

Annual review of investment manager's sustainability efforts
(Optional but best practice)

Q2 2024

TCFD

Revisit reporting requirements

Q3 2024

Implementation Statement and Stewardship Code

Prepare updated Implementation Statement and Stewardship Code submission for 2023/24

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REVIEW OF UK STEWARDSHIP CODE (2022/23 Submission)

Report by Director of Finance & Procurement

JOINT PENSION FUND COMMITTEE AND PENSION FUND BOARD

22 September 2023

1 PURPOSE AND SUMMARY

- 1.1 **The purpose of this report is to review and approve the Stewardship Code application for 2022/23, for submission to the Financial Reporting Council, by 31 October 2023.**
- 1.2 The Stewardship Code is not a statutory requirement however both the UK Ministry of Housing, Communities & Local Government and the TPR recommends that administering authorities of LGPS funds should become signatories to the code. The Committee agreed on 15th Sept 2021 that the Fund should apply to become signatories.
- 1.3 The Fund was successfully confirmed as a signatory, by the Financial Reporting Council (FRC) in February 2023, following a successful submission the previous October. To maintain ongoing status as a signatory, annual submissions, detailing progress, and further improvement, are required. A draft for the year 2022/23 has been produced for submission by 31st October 2023, subject to the Committee's approval. This draft application is contained in Appendix 1.
- 1.4 This submission responds to: (a) feedback received from the FRC regarding its last (successful) submission, outlining areas for further improvement, and (b) the FRC's guidance for 2022/23 applications, stipulating an increased emphasis on strong examples of stewardship activity and outcomes. Work by Isio, preparing an Implementation Statement to support the Fund's preparation for TCFD reporting, will also provide valuable evidence to support this submission. It is intended that, once completed, the data from this exercise will be included, ahead of the submission date to the FRC, of 31st October.

2 RECOMMENDATIONS

- 2.1 **It is recommended that the Committee:**
 - (a) **Approves the proposed application for the Fund to maintain its signatory status to the Stewardship Code, contained in Appendix 1**

- (b) Agrees the submission of this application to Financial Reporting Council**
- (c) Agrees that the Director of Finance & Procurement be given delegated authority to make amendments to this submission, after the Committee's approval of the document, to accommodate additional evidence, currently being collected and prepared by Isio.**
- (d) Notes that blue highlighting within the draft submission denotes references to the Implementation Statement evidence, that will be integrated into the report when it is completed. This is illustrative evidence and will not materially change the information in the main body of this submission**

3 BACKGROUND

- 3.1 The UK Stewardship Code sets high standards for those investing on behalf of UK savers and pensioners. The Code represents a best practice standard for asset owners and asset managers, with the aim of improving stewardship practices, and setting higher standards reflective of the changing expectations of investors. The requirements of the revised Code for asset owners and managers extend to establishing clear stewardship objectives, integrating stewardship in investment strategies, and adhering to clearer and more comprehensive reporting requirements.
- 3.2 The Stewardship Code is not a statutory requirement however both the UK Ministry of Housing, Communities & Local Government and the TPR recommends that administering authorities of LGPS funds should become signatories to the code.
- 3.3 The Committee agreed on 15th Sept 2021 that the Fund should apply to become signatories. Whilst the Fund's initial application to become a signatory was not successful, feedback from the FRC helped to revise the submission and the second application, in October 2022, was successful. The FRC confirmed that the Fund was a signatory to the Code in February 2023.

4 UK STEWARDSHIP CODE 2020: ONGOING COMMITMENTS FOR SIGNATORIES

- 4.1 To maintain signatory status, The Stewardship Code requires all signatories to submit annual reports to the FRC, illustrating ongoing improvements and activity in stewardship practice and reporting.
- 4.2 This re-application process is the same as for initial applications and requires explaining and evidencing stewardship activity and outcomes across the Code's 12 principles. This is shown in the table below. Following each application, the FRC provides feedback to signatories, to help guide subsequent activity, so that full and compliance with the stewardship standards the Code requires can be achieved and maintained.

PRINCIPLES FOR ASSET OWNERS AND ASSET MANAGERS			
Purpose and governance	Investment approach	Engagement	Responsibilities
1. Purpose, strategy and culture	6. Client and beneficiary needs	9. Engagement	12. Exercising rights and responsibilities
2. Governance, resources and incentives	7. Stewardship, investment and ESG integration	10. Collaboration	
3. Conflicts of interest	8. Monitoring managers and service providers	11. Escalation	
4. Promoting well-functioning markets			
5. Review and assurance			

- 4.3 Following the Fund’s successful application, the FRC provided feedback to the Fund. This highlighted stewardship strengths, where the Fund’s policies, processes and activity fully meet the Code standards, as well as areas for improvement, where evidence of compliance was partial/low. The areas highlighted for particular attention by the FRC for improvement focused on Principles 4, 6 and 10 (Promoting well-functioning markets, Client and beneficiary needs, and Collaboration).
- 4.5 In addition to this specific feedback, The FRC’s published its Review of Stewardship Reporting 2022, which assessed 2021 reporting standards. It also provides guidance on FRC expectations for 2022/23 reporting. This stipulates an increased emphasis on more detailed and varied examples and case studies; illustrations of stewardship activity, descriptions of specific outcomes and how the efficacy of these activities/outcomes are monitored and assessed. This guidance also makes clear that the emphasis for reporting will become increasingly outcome focused in the future.
- 4.6 In its draft submission for 2022/23, the Fund has responded to the FRC’s specific feedback, augmenting existing evidence with more detailed descriptions, providing additional and up-dated, examples and case studies, to illustrate the Fund’s stewardship activities and outcomes. It also seeks to provide a more outcome focused approach, where sufficient evidence is available, in line with the FRC guidance.
- 4.7 Ongoing work preparing an Implementation Statement, which supports the Fund’s preparation for TCFD reporting, will also provide additional evidence of strong stewardship/ESG activity and outcomes. This work is currently being undertaken by Isio, who are collecting data, particularly on engagement/collaboration, escalation and voting activity/outcomes from investment managers, for 2022/23. This work will be completed by late September, and it is intended that the outputs will be provided as an Appendix to the main report.
- 4.8 It should also be recognised that several significant personnel changes took place in 2022, which had direct implications for the Fund.

- The Director of Finance & Governance was seconded to Acting CEO for much of 2022 and was appointed as the permanent CEO in February 2023
- The Finance Services Manager was seconded to Acting Chief Financial Officer and has since been permanently appointed as Director of Finance & Procurement
- The Pensions & Investment Manager left the Council late in 2022
- Local Government elections also resulted in changes in membership for both the Pension Committee and Pension Board

These changes impacted on the experience and knowledge available to the Fund. The CEO has maintained an active involvement in pension fund matters and part-time interim cover is in place for the Pension & Investment Manager role. However, these changes have put pressure on available resources, and some stewardship related activities that were planned for 2022/23 have been impacted. Examples of this include increasing scheme member and employer communication and engagement, monitoring and assessing the effectiveness of beneficiary engagement, researching relevant collaborative opportunities, and improving the assessment of engagement activity impact. These activities have not been fully implemented and are to be rescheduled.

4.9 In addition, the draft submission contains some key actions the Fund has identified for future improvement. These include:

- Continues improvement of reporting metrics of the approved Responsible Investment Policy and implementation of TCFD reporting
- Implementation of TPR's Single Code (when published)
- Improve monitoring of managers voting and engagement activities, which is ongoing.
- Agree an escalation policy for managers.
- Develop and Action Plan to assess and take forward the recommendations within the Governance/Single Code Review report and outstanding FRC feedback actions for improved adherence to the Stewardship Code, for future reporting.

5. IMPLICATIONS

5.1 Financial

The additional reporting and monitoring requirements identified may require the Fund to engage additional external resources. The various personnel changes within 2022/23 have necessitated a requirement for more additional external support than would normally be anticipated. The level, and therefore cost, of a 'business as usual' state is currently, therefore, difficult to estimate but will be reported to Committee once the detail is available.

5.2 Risk and Mitigations

This report recommends the strengthening of the governance framework of the management 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 und 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. 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 as a result of this report. The recommendation however within the report will ensure the appropriate focus, including the monitoring and reporting, of investments 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

You should identify any changes which are required to either the Scheme of Administration or the Scheme of Delegation as a result of the proposals in your report. If there are no changes to be made, then say so. If changes are required, then this will require Council approval.

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 have been consulted and any comments received have been incorporated into the final report.

Approved by

Suzy Douglas

Signature

Director of Finance & Procurement

Author(s)

Name	Designation and Contact Number
Jay Solanki	Pension & Investment Manager, 01835 825249

Background Papers: Previous Minute Reference: Joint Pension Fund Committee and Pension Fund Board – 15 Sept 2022

Note – You can get this document on tape, in Braille, large print and various computer formats by contacting the address below. The Pension & Investment Team can also give information on other language translations as well as providing additional copies.

Contact us at Contact us at: Pension & Investment Team, Council Headquarters, Newtown St Boswells, Melrose, TD6 OSA Tel: 01835 825249 Fax 01835 825166. email: treasuryteam@scotborders.gov.uk

STEWARDSHIP REPORT 2022/23

SCOTTISH BORDERS COUNCIL PENSION FUND (The Fund)

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1. PURPOSE AND GOVERNANCE

Signatories purpose, investment beliefs, strategy, and culture enable stewardship that creates long term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.

PURPOSE

The primary purpose of the Scottish Borders Council Pension Fund, is: *“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.”*

The Local Government Pension Scheme (LGPS) is a statutory scheme, established by an Act of Parliament and governed by the Public Services Pensions Act 2013 (PSPA 2013), the Local Government Pension Scheme (Governance) (Scotland) Regulations 2015 and Local Government Pension Scheme (Scotland) Regulations 2018. It is a contributory, defined benefit scheme to provide pensions and other related benefits for all eligible employees of Local Government and other participating employers. Under the statutory provision of the LGPS, Scottish Borders Council is designated as an “Administering Authority” and is required to operate and maintain a Pension Fund – the Scottish Borders Council Pension Fund (“the Fund”).

The Fund, is a multi-employer scheme which is open to new membership. The purpose of the Fund is to pay Scottish Borders Council LGPS members’ pensions securely, affordably and sustainably over the short, medium and long term. The LGPS operates on a ‘funded’ basis, this means that contributions from employees and employers are paid into a fund which is invested, and from which pensions are paid. To do this, the Fund seeks to achieve sustainable, risk-adjusted performance of its investments over the long-term.

The Fund operates under the regulations of the LGPS, which is a public-sector pension arrangement and membership is made up of active, deferred and pensioner members. To be able to join the scheme, a person must be employed by a relevant employer and not eligible to join another public-sector pension scheme. Teachers are not included as they have a separate national pension scheme.

The Scottish Borders Pension Fund currently has 12,561 members and paid pensions totalling £28.3m during 2022/23 with contributions received from employers totalling £24.3m. The Fund had investments of £866.0m at 31 March 2023 across a diversified portfolio of asset classes.

STRATEGY

Funding Strategy

The funding objective is to ensure sufficient resources to pay all members’ pensions both now and in the future. The Funding Strategy Statement and report on the 2020 Actuarial Valuation are available at [Fund Strategy Statement 2022](#)

The 2023 Actuarial Valuation is currently underway and the results are expected to be available later this year.

Investment Strategy

The investment objective is to support the funding strategy by adopting an investment strategy and structure which incorporates an appropriate balance between risk and return. To achieve this the Fund takes a risk-based approach using appropriate asset liability

modelling techniques. Following the 2020 Actuarial Valuation, a revised asset allocation was approved for the Fund and further refinements were made in March 2023. The revised asset allocation further spreads investments over a number of key asset markets, thus further spreading the risk and increasing the diversification of the Fund.

As a key part of its strategy, the Fund also recognises its responsibility to undertake investment in a socially responsible way, taking account of Environmental, Social and Governance (ESG) factors. The investment strategy, which contains the Statement of Investment Principles, is reviewed and updated annually. Details of the investment strategy are available at:

<https://www.scottishborderscouncilpensionfund.org/resources/statement-of-investment-principles/>

Investment Structure

The Fund pursues a policy of lowering risk through diversification of both investments and investment managers. To achieve this, it has delegated the day to day investment decision-making to external professional investment managers. In addition, the strategic asset allocation is reviewed on a regular basis, with the last review report to Committee in June 2021. Following the 2020 Actuarial Valuation the required investment return (based on a probability level of 70%) was agreed by the Actuary at 3.8% for the next 20 year period. The Fund's investment returns have averaged 7.3% over the last 5 years and have exceeded the 3.8% target over the last 10 years.

CULTURE & INVESTMENT BELIEFS

The Fund has an overriding obligation to act in the best interests of the scheme beneficiaries; responsible asset ownership is seen as an integral part of this. The Fund believes that it is in the best interests of beneficiaries to integrate Environmental, Social and Governance (ESG) considerations into investment thinking, to increase returns on the Fund's investment performance and to reduce risk.

This over-arching view is set-out in the Statement of Investment Principles (SIP), articulating the Fund's approach and beliefs to investment, also in line with the United Nations backed Principles of Responsible Investing (UN-PRI).

In August 2021 work to identify and develop the Fund's investment beliefs was undertaken, with training and workshop sessions for Joint Committee/Board members and relevant officials. Led by investment consultant Isio, this involved a members ESG beliefs survey, covering a range of ESG related questions across 5 criteria (Risk Management; Investment Approach; Voting & Engagement; Reporting; and Collaboration).

Through subsequent exploration and debate of survey responses, a set of bespoke ESG beliefs were developed to drive the Fund's approach. These were subsequently signed off by the Committee, and incorporated into the Fund's Responsible Investment Policy.

Whilst these events took place prior to the period covered by this report, both the beliefs and policy are regularly reviewed, ensuring both remain relevant to achieving the Fund's ESG and wider objectives. This work also provided the foundation for subsequent activity, throughout 2022/23, on developing ESG objectives, metrics and reporting requirements for the Task Force on Climate-Related Financial Disclosures (TCFD). This process will be further described later in this report.

This approach increasingly provides criteria for the Fund to select and monitor investment managers and other service providers, ensuring their beliefs and approach are in alignment with those of the Fund.

Key principles underlying the investment approach are:

- Long-term perspective – due to the long term nature of its liabilities and employer covenants, the Fund is able to take a long term view and position its investment strategy accordingly.
- Diversification – to reduce risk and volatility the Fund seeks to diversify its investments.
- Stewardship – the Fund recognises it has a responsibility to invest in a socially responsible way and is fully aware of its ESG responsibilities. An updated Statement of Investment Principles, was approved in March 2023 to strengthen commitment to ESG and the monitoring of its objectives.

The Fund's approach to Stewardship is summarised in the Responsible Investment Policy which is included in the Statement of Investment Principles. The Fund is fully invested with external investment managers and delegates the day to day management of assets to these managers. The Fund requires all managers to be PRI registered, and will in the future also require managers to be signatories to the Stewardship Code. Each manager will be monitored on an annual basis to ensure they remain signatories.

2. GOVERNANCE, RESOURCES AND INCENTIVES

Signatories’ governance, resources and incentives support stewardship

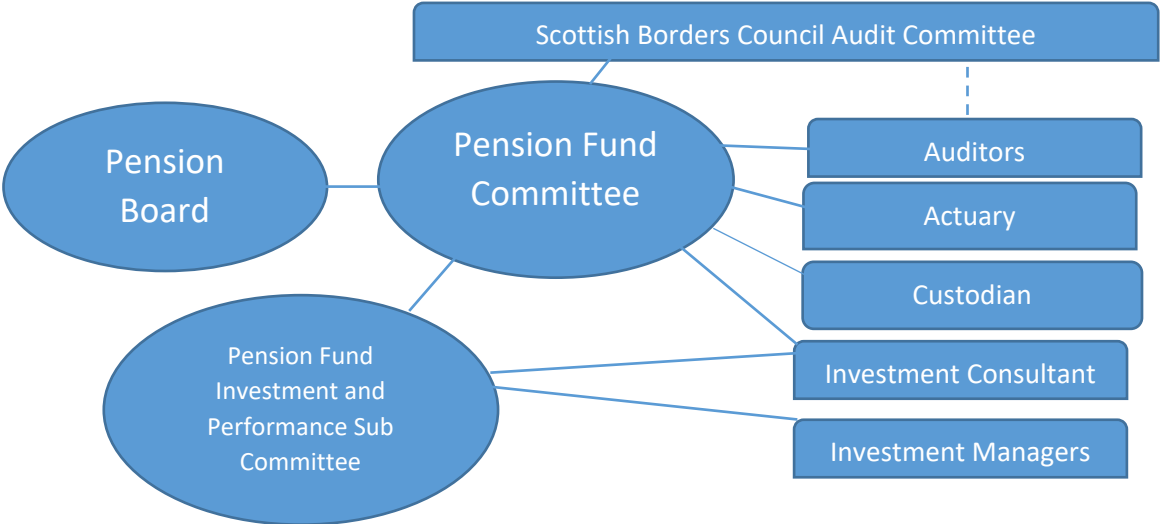
SCHEME GOVERNANCE

The Fund believes that effective internal governance arrangements are fundamental to ensuring the Fund is managed effectively, transparently and in compliance with regulations, as well as effective stewardship. The Fund is required to report on its Governance in the Fund’s Annual Report and Accounts, which includes an Annual Governance Statement and a Governance Compliance Statement.

As a Local Authority, it must adhere to applicable regulations such as the Local Government Act 2000 and LGPS specific regulations such as the Public Service Pensions Act 2013, the Local Government Pension Scheme (Scotland) Regulations 2018 and Local Government Pension Scheme (Management and Investment of Funds)(Scotland) Regulations 2016 and Local Government Pension Scheme (Governance) (Scotland) Regulations 2015. As such, the governance structures and processes for the Fund are designed to comply with relevant regulatory requirements whilst also seeking to deliver effective oversight and accountability, and ultimately, effective stewardship.

The Governance structure of the Fund can be seen below including the roles each of the parties undertakes. The Pension Fund Committee and Pension Board meet jointly four times a year, with papers and minutes being available one week prior to the meeting.

Scottish Borders Council Pension Fund Governance:-



Pension Fund Committee – is the main decision making body for the Fund and consists of seven Scottish Borders Council Councillors. Ultimate oversight and accountability for stewardship matters, rests with the Pension Fund Committee

Pension Board – assists the Committee in securing compliance with the regulations, other legislation and requirements of the Pensions Regulator. The Board consists of four employer representatives and four employee Union representatives.

Pension Fund Investment & Performance Sub-Committee – develops investment strategy and monitors investment performance. Consists of the Pension Fund Committee Members and one employer and one employee representative from the Pension Board.

Actuary – provides advice on funding. This role is currently undertaken by Hyman Robertson.

Custodian – Record keeping/custody of the Fund’s assets, settlement of subscriptions/capital draws/redemptions/distributions, investment accounting quarterly and annually to LGPS/IFRS regulations and ONS reporting. This role is currently undertaken by Northern Trust.

Investment Consultant – provides advice on all aspects of investment objectives, strategy and monitoring. This role is currently undertaken by Isio.

Investment Managers – manage the investment portfolios.

Auditors – provide audit assurance that the Fund is adhering to regulations, other legislation and requirements of the Pension Regulator. The internal audit function is provided by Scottish Borders Council’s Internal Audit department. The external audit function is currently provided by Audit Scotland.

Scottish Borders Council Audit Committee – provides independent scrutiny of the Pension Fund Committee’s adequacy, effectiveness and systems of internal control.

RESOURCES

Stewardship activity is carried out by:

- A requirement that the Fund’s investment managers exercise the Fund’s voting rights, incorporate analysis of ESG issues into their investment analysis and decisions, taken on behalf of the Fund, and actively engage on these issues with the companies in which they invest.
- The Pension Fund Investment and Performance Sub-Committee meets every manager on an annual basis to scrutinise both investment performance and adherence to the Fund’s ESG policy and beliefs. Detailed quarterly reports on performance are also submitted to the Sub-Committee by the Investment Consultant.

Pension Fund Committee

The membership of the Pensions Committee comprises of seven members of Scottish Borders Council representing all the key political elements of the Council. Equal weight is given to each member’s vote. Further details can be found at:

<https://scottishborders.moderngov.co.uk/ecSDDisplay.aspx?NAME=SD272&ID=272&RPID=0>

Pension Fund Board

The membership of the Board comprises of 4 representatives from employer organisations (1 Scottish Borders Council, 1 Borders College, 1 LIVE Borders and 1 South of Scotland Enterprise) and 4 employee representatives from Unison, Unite and GMB unions. The Board’s role is to assist Committee to fulfil its functions in relation to all aspects of governance and administration of the Pension Fund. The Board is constituted under the Public Service Pension Act 2013 and the Local Government Pension Scheme (Scotland) Regulations 2015 and has no remit as a decision-making body. Where the Board is of the opinion that due consideration has not been given to matters of non-compliance the Board

may refer the matter back to the Committee for further consideration and then the difference in view between the Pension Board and the Pension Fund Committee will be published in the form of a joint secretarial report from the Pension Board on the Pension Fund website and included in the Pension Fund's Annual Report.

There have been no such incidents of this nature during the period covered by this report.

Pension Fund Investment & Performance Sub-Committee.

The membership of the Sub-Committee comprises of 9 members. The 7 members of the Pension Fund Committee and 2 non-voting members nominated by the Pension Fund Board. The 2 Pension Fund Board members are represented by one employer and one employee representative. The Sub-Committee meet every manager at least once a year to review performance. Stewardship and responsible investment are key areas each manager is required to provide updates on.

Internal Staffing resource

The Section 95 Officer, the Director of Finance and Procurement, is responsible for the financial Administration of the Council, including the Scottish Borders Council Pension Fund.

The provision of strategic and day-to-day Pension activities and management is provided by two separate teams of LGPS Officers, providing pension and investment, and pension administration services respectively.

Senior Managers of each team, the Pension & Investment Manager and the HR Shared Services Manager, report to different Directors, but work closely together. This ensures a comprehensive and cohesive service for pension members, employers and members of the Fund's Committee and Board structure. This joint-working includes producing the annual business plan and budget, close collaboration on producing the Fund's Annual Report and Accounts, the Fund's Risk Register, Pension Fund Committee and Board member training events, input to the triennial valuations, annual employer presentations and some member communications.

The experience, qualifications and structure of the teams of officers supporting the Council in carrying out its functions as Administering Authority for the Fund is as follows:

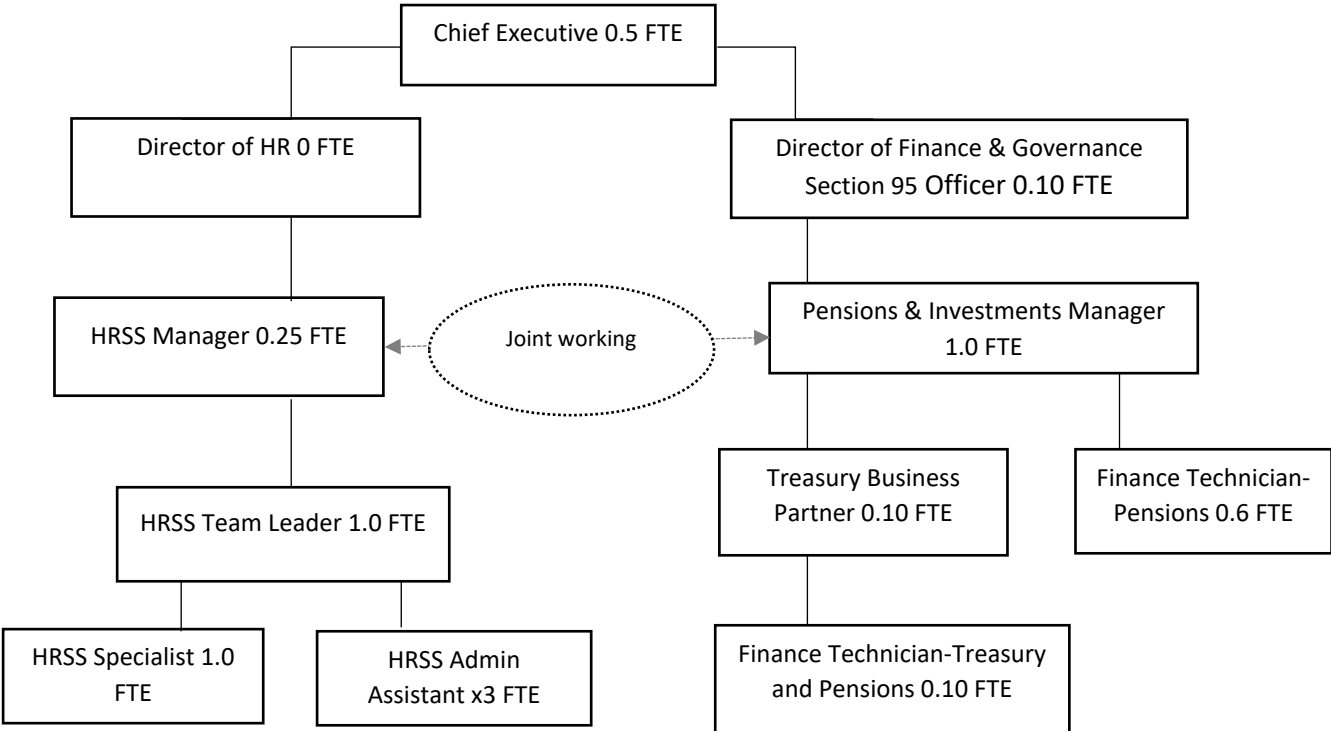
Experience

< 1 year experience	8%
1- 5 years experience	31%
6-10 years experience	0%
11-15 year experience	23%
> 15 years experience	38%

Relevant formal qualifications

Formal qualification	62%
No formal qualification	38%

Scottish Borders Council LGPS Pensions Officers team structure



During this reporting period, a number of significant personnel changes took place, with direct implications for the Pension Fund. The Director of Finance & Governance was seconded to the role of Acting CEO for much of 2022 and appointed as the permanent CEO in February 2023. The Financial Services Manager was seconded to Acting Chief Financial Officer and has since been appointed as the Director of Finance and Procurement. Additionally, late in 2022, the Pension & Investment Manager left the Council.

These changes impacted on the experience and knowledge-base available for the Pension Fund. The CEO has maintained an active involvement in pension matters, whilst part-time interim cover was arranged for the Pension & Investment Manager role.

However, some of the planned activities intended for 2022/23, including some related to stewardship activity and reporting, have been affected and have had to be rescheduled. This includes planned activity on member communications/surveys, more pro-active employer engagement and developing a means to assess/measure effectiveness on beneficiary communication and engagement. Activity on identifying relevant collaboration opportunities has also been delayed.

Fund Advisors

Specialism	Company	Key services provided during the year 2022/23
Actuary	Hymans Robertson	Input into the strategic asset allocation review and responsible investment policy
External Auditor	Audit Scotland	Annual statutory audit of the Funds Annual report and Financial statements and governance of the Fund
Bank	Royal Bank of Scotland	Banking services

Custodian	Northern Trust	Record keeping/custody of the Pension Fund's assets, settlement of subscriptions/capital draws/redemptions/distributions, investment accounting quarterly and annually to LGPS/IFRS regulations and ONS reporting
Investment Consultant	Isio	Provision of quarterly performance reports. Led on update of 2022/23 review of responsible investment policy, agreement of key goals and improvements to the monitoring regime of the policy Continued to advise Fund on implementing asset re-allocation. Led on setting ESG objectives & metrics, as well as preparation and project planning for TCFD obligations and reporting.

Skills & Knowledge

To ensure the members of the Pension Fund Committee and Pension Fund Board have the required level of skills and knowledge to fulfil their functions, the Fund has a training policy which requires all members to undertake an annual skills assessment, attend at least 2 training events a year and also complete The Pension Regulator Trustee Toolkit within 6 months of joining the Committee or Board.

The outcome of the annual assessment and training attendance is reported on an annual basis to the Joint Pension Fund Committee and Pension Fund Board. If members have not fulfilled their requirements a formal letter is sent and if poor attendance continues they are removed.

The Scottish Local Elections in 2022 resulted in changes in membership, with a number of Pension Committee and Pension Board members being replaced by new members. In view of these changes, a 1 day training/induction event was provided for both Pension Committee and Board members in May 2023 (outside the period covered by this report). This provided input on Pension Fund structure, governance, investment processes and decision making, pension administration and legislative requirements and actuarial valuation. Whilst intended to integrate new members more quickly (and complement Trustee Toolkit learning), it also provided a useful refresher for other members.

INCENTIVES

As previously noted, the Fund does not directly invest the assets itself and delegates responsibility for this to its investment managers to act on its behalf. As such, the Fund seeks to incentivise the integration of stewardship into investment decision-making both internally (i.e. when setting its Investment Strategy) and externally (i.e. when appointing specialist advisors and investment managers to assist its governance processes and deliver its investment requirements).

Internal incentives: The key mechanism for motivating the integration of stewardship into investment decision-making internally is the Fund's governance structure. In particular, the setting of a clear Investment Strategy and investment beliefs and the ongoing monitoring of the performance of the Fund from the granular level (such as the performance of individual investments and the ESG activities of the investment managers), through to the strategic level (such as the triennial actuarial valuation and undertaking in-depth Investment Strategy reviews). The key activities undertaken in relation to this during the year ended 31st March 2023 are described below.

Activities	Details
Implementation of Investment strategy	Development of bespoke ESG objectives and metrics, as a fundamental aspect of the Investment strategy and mechanisms for monitoring performance
Responsible Investment Policy revised	Responsible Investment Policy reviewed and revised in March 2023. Policy circulated to all fund Managers.
Formal annual review of fund policies	This is considered in detail in Principle 5
Overseeing performance of the Funds Investment Managers`	This includes voting and engagement activities and is undertaken throughout the year with formal reporting to the Committee and Pension Fund Investment and Performance Sub-committee taking place
Production of the Pension Funds Annual Report and Accounts	<p>The Annual Report and Accounts for the year ended 31 March 2022 were published in accordance with statutory timescales, with the draft accounts being open to public inspection. The final audited accounts can be found at Annual Accounts 2021-22 Audited Scottish Borders Council (scottishborderscouncilpensionfund.org)</p> <p>The draft accounts for year ended 31 March 2023 have also been prepared and can be found at Unaudited Pensions Annual Report 2022-23 Scottish Borders Council (scottishborderscouncilpensionfund.org)</p> <p>These are draft accounts subject to audit which will be finalised in October 2023.</p>
Training on relevant matters	Training was provided in key areas identified to members of the Pension Fund Committee and Pension Fund Board. This included The Pension Regulator Toolkit, for new members, workshops on ESG objective setting and metrics, briefing sessions on TCFD reporting requirements and process for Committee/Board members, led by the Investment consultant. Other learning activities included attendance at Pension & Lifetime Savings Association (PLSA) conference, with sessions on geopolitical and macro-economic environment, TCFD reporting and proactive engagement with pension members.

External incentives: the first step in this process is selecting external advisors and asset managers which are already closely aligned with the values of the Fund. As such, consideration of a provider's 'fit' with the Fund is a fundamental element of due diligence work prior to appointment. Furthermore, the Fund sets out clear requirements through its contracts / service level agreements.

For example in accordance with the Competition and Markets Authority (CMA) Investment Consultancy and Fiduciary Management Market Investigation Order 2019, the Fund has set clear objectives for its Independent Advisors and the Investment Consultant. The objectives include setting a strategy based on the Fund's goals/objectives and providing advice and assistance to the Pensions Committee on any other relevant issues that could impact the Pension Fund's ability to meet its strategic objectives. During the year the Fund submitted its annual statement of compliance confirming that it has complied fully with the CMA's requirements.

Once appointed, managers are incentivised to align the work they do with the Fund's requirements and expectations in relation to stewardship through regular monitoring and evaluation of their performance and engaging with providers on an ongoing basis. This process is described in more detail later in this report.

3 CONFLICTS OF INTEREST

Signatories' manage conflicts of interest to put the best interests of clients and beneficiaries first.

Conflicts of interest policies – Councillors

All Councillors are legally bound under the Ethical Standards in Public Life etc. (Scotland) Act 2000 to adhere to the Code of Conduct made by Parliament under the provisions of that Act. The Code applies to every elected member of a local authority in Scotland. It is the Councillor's own responsibility to ensure they are familiar with the Code and that their actions comply with its requirements. The code can be accessed via the link below

<https://www.standardscommissionscotland.org.uk/codes-of-conduct>

The code is designed to promote and maintain high standards of conduct by elected members of the Pension Fund Committee and Board Fund across all activities including the stewardship of the Fund's assets.

A key element of the Code is the requirement to register any notes of interest with the local authority's Monitoring Officer within one month of becoming a Councillor. Councillors are also required to notify the Monitoring Officer of any changes to their register of interest with one month of the change. The code details the key definitions and includes explanatory notes to assist councillors in deciding if they have to register an interest. The key categories are: Remuneration, Related undertakings, Contracts, Elections Expenses, Houses, land & buildings, Interest in shares & securities, Gifts & hospitality and Non-financial interests.

The Register of Interest for each Councillor is a publically available document and is contained on the Council's website.

It is a mandatory requirement of that Code that Councillors identify any item of business in which they have a Conflict of Interest, and that they then declare that Interest and remove themselves from any discussion on that item.

If a Councillor is found to have breached the Code of Conduct by the Standards Commission a range of penalties could be imposed from censure all the way through to disqualification from holding office

Conflicts of interest policies – Employees

As the Administrating Authority all employees are required to adhere to the Employees Code of Conduct set out by Scottish Borders Council. The code details the high standard of conduct required from all local government employees and includes key areas of Relationship & personal conduct, Conflicts of interest, Openness & disclosure of information, Paid & voluntary work outside the authority, Hospitality, gifts and Corruption. The full policy can be accessed via the link below.

https://www.scotborders.gov.uk/downloads/file/8006/employees_code_of_conduct

The policy requires all employees to register via the Authority's online system any private interests which could influence their decisions. Employees are required to maintain their register as circumstances change. Employees must declare an interest with their line manager if there is a conflict and should be removed from involvement in work where required and not attend any relevant meetings.

Breaches of the Code of Conduct by Employees can be dealt with by the Council as a Disciplinary matter in accordance with the organisation's disciplinary policy. The ultimate sanction under that policy is dismissal.

Investment Managers and Service Providers

The Fund requires all its investment managers and services providers to maintain a Conflicts of Interest policy and provide the Fund with an electronic version of this on an annual basis as part of the annual due diligence review. Investment managers are also required to provide assurance of their internal control systems and to report any breaches of these. The Fund also reviews the annual audit report produced by each of the manager’s independent service auditors.

Given the key role service providers have, the Fund obtains annual assurance on the adequacy of the internal control systems operated by them. These are reviewed annually and form part of the annual service review meeting with service providers

Identification and management of Conflicts of interest

The Council delegates responsibility for the management of the Fund to the Director of Finance and Corporate Governance (S95 Officer) and the Pensions Committee. This includes the overall responsibility to ensure that systems, controls and procedures are adequate to identify, manage and monitor Conflicts of Interest.

Training is a key tool to ensure Members and Officers are aware of and understand their responsibilities in relation to the Fund, including the identification and management of conflicts of interest. Further details on the Fund’s training policy and plan can be found in Principle 2.

Other key steps: the table below sets out the key steps employed by the Fund in the identification and management of actual and potential conflicts of interest relating to the stewardship of the Fund’s assets. Case studies of how actual or potential conflicts have been addressed are set out at 3.3 below.

Identification	Management
<p>Members of the Pensions Committee and Pension Fund Board(‘Members’): The Code of Conduct requires that all Members must declare any pecuniary or other registerable interests.</p>	<p>Details of the declared interests of Council Members are maintained and monitored on a Register of Interests. These are published on the Council’s website under each Member’s name and updated on a regular basis e.g. the Chair of the Pensions Committee: These can be found via the link below: https://www.scotborders.gov.uk/councillors/name</p>
<p>The Code of Conduct requires that Members consider whether they have an interest connection in with any matter on the agenda for a meeting and if so whether there it amounts to an interest which they is a need to disclose. such an interest.</p>	<p>Full details of the process for the management of declarations of interests at meetings are set out in Section 5 stage 3 of the Standards Commission Code of Conduct for Councillors. https://www.standardscommissionscotland.org.uk/codes-of-conduct</p>
<p>All formal meetings of the Committee and Board have ‘disclosures of interest’ as a standing item on the agenda. At that point each Member formally considers conflicts of</p>	<p>Unless a dispensation has been granted, they must then leave the meeting room and may not participate in any discussion, vote on, or discharge any function related to the matter.</p>

<p>interest they may have in any item on the agenda or during discussions throughout the meeting and the outcome is declared in the public minutes.</p>	
<p>Advisors to the Fund: upon appointment Independent Advisors are required to sign a declaration statement outlining any potential conflicts they may have.</p> <p>Once appointed they must immediately report any changes of circumstance directly to the Chair of the Committee for their consideration and further action should this be necessary</p>	<p>Post appointment: where a matter arises, which presents a potential or actual conflict of interest then the action taken to manage the conflict is considered by the Chair of the Committee in consultation with Fund Officers. Examples may include requiring the Advisor to not participate in the relevant discussion or to leave the meeting during the consideration of the matter.</p>
<p>Officers of the Fund ('Officers'): The Employees' Code of Conduct requires that Officers make a formal declaration about any financial or non-financial interests which could bring about a potential or actual conflict of interest. Such declarations should be discussed with their line manager and submitted using the Council's online reporting tool.</p>	<p>Where a potential or actual conflict of interest is identified then the Officer is removed from the relevant work stream.</p> <p>In line with the Officers Code of Conduct the interactions of officers with Investment Managers is subject to the requirement for any gifts or hospitality to be declared and captured by the Fund.</p>
<p>Investment Managers: The Fund expects the asset managers it employs to have effective stewardship policies including conflicts of interest and voting & engagement, and that these are all publicly available on their respective websites.</p> <p>These are considered as part of due diligence work undertaken prior to the appointment of a manager and manager policies are informally considered as part of the annual review process.</p>	<p>All managers are required to maintain a conflicts of interest policy and are required under the annual due diligence review to confirm it is place and is adhered to.</p>
<p>Political Interests and beliefs: The primary mechanism for the identification of potential and actual conflicts relating to</p>	<p>The Scheme of Administration requires all major political parties to be represented on the Committee. Induction training to the Pension Fund Committee and Board highlights their fiduciary duties to the Fund come before</p>

<p>political matters is for Members of the Committee, Board and Officers to the Fund consider all matters from a neutral position focussed on what serves the best interests of clients and beneficiaries of the Fund.</p>	<p>any personal or political objective. The Committee makes decisions on a politically neutral basis in order to deliver the overriding objective of the Fund (i.e. to achieve a 100% solvency level over a reasonable time period and then maintain sufficient assets in order for it to pay all benefits arising as they fall due).</p>
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Outcome

There have been no instances of conflict of interest in 2022/23

4 PROMOTING WELL FUNCTIONING MARKETS

Signatories' identify and respond to market wide and systemic risks to promote a well-functioning financial system.

Risk Management Policy

The Fund has a formal Risk Management Policy in place which governs decisions made by the Pension Fund Committee in relation to the Fund. This policy is maintained and updated on a regular basis. A key aspect of this is the Fund's Risk Register. This provides an overview of the key risks faced by the Fund, the likely hood of them occurring and the estimated impact if they did occur. This is updated and discussed at each quarterly Pension Committee and Pension Board meeting.

Identification of systemic & market wide risks

The identification of, and response to, systemic and market-wide risks by the Fund is a key tool in its approach to addressing barriers to effective stewardship. For example, the incorporation of ESG considerations into investment decisions can help improve long-term value by minimising the risk of, for example, stranded assets and the impact of regulatory change.

The Fund conducts a full risk assessment of its activities (active and planned), which is reviewed annually by the Joint Pension Committee and Pension Board and monitored quarterly. The Fund's risk management process is in line with that recommended by the Chartered Institute of Public Finance and Accountancy (CIPFA). This is a continuous approach which systematically looks at risks surrounding the Fund's past, present and future activities, which includes systemic and market-wide risks in addition to Fund-specific risks. Risk identification is enhanced through liaison with investment managers, other administering authorities and regional and national groups, including the Scottish SAB, CIPFA, and various investor collaborations and initiatives.

Once identified, material risks are documented on the Fund's risk register, which is the primary control document for the subsequent analysis and classification, control and monitoring of those risks. The risk register includes risks to the Fund's investments from issues such as market fluctuations, interest rates, currency etc., and any failures by its investment managers or other service providers. The Fund also recognises the risks to investments due to ESG factors (such as climate change), that could materially affect long-term investment returns.

The risk register is formally reviewed on an annual basis (last done in June 2022), with quarterly monitoring of progress on agreed actions being reported to the Joint Pension Fund Committee and Pension Fund Board. Committee and Board members are therefore afforded the opportunity to regularly scrutinise risks and satisfy themselves that the Fund's response to these risks (i.e. whether to tolerate, or treat risks through mitigation actions), are acceptable to those charged with Governance. A summary of key risks is also provided in the Fund's Annual Report.

Examples of areas of risk the Committee have reviewed and discussed during 2022/23 are shown below -

Risk	Response
<p>Performance: Adverse market movements impact on the Fund's long-term performance: e.g. Continued Global COVID-19 Pandemic, inflation etc.</p>	<ul style="list-style-type: none"> • Continued monitoring of performance work in line with Investment Strategy and review of asset allocation. Diversification of asset classes, geographical spread and investment managers mitigates the risk, along with continued scrutiny of strategic asset allocation by Investment & Performance Sub-Committee (see examples below). The risk controls were also updated at the June 2022 risk review to reflect implementation of revised Investment Strategy. • Potential new investments are closely scrutinised by officers and Fund Advisors to assess if the product meets the investment criteria of the Fund. • Review of Responsible Investment Policy undertaken in March 2023, including discussion on potential economic impacts of climate change risks, importance of investment with managers with strong ESG credentials and need for a plan for improved monitoring of the Responsible Investment Policy and climate data. • Quarterly investment advisor reports to the Pension Committee, highlight market wide risks including macroeconomics, geopolitical and systemic factors. Investment managers also include both macroeconomic and market level analysis of key factors that have (or could) impact on performance
<p>Regulatory Changes: There is a risk that the LGPS is mandated to invest in particular markets or risks that may otherwise impact onto the sovereignty of the Fund. This may be caused by government policy or amendments to regulations.</p>	<ul style="list-style-type: none"> • Officers of the Fund respond to government consultations where relevant to help influence policy. There has been no relevant government consultation activity in this reporting period. • Where relevant, the Fund will support lobbying or lobby directly to ensure that its voice is heard in the development of national policy. • Officers within the Fund ensure that they are aware of impending amendments to regulations and advise the Pension Committee/Pension Board (and, where relevant, employers and scheme members) in a timely way as to any amendments and their impact to the Fund. Examples include briefing on potential impacts of The Pension Regulator's 'Single Code' on Fund governance, and the implications of the McLeod and Goodwin Judgements, on both the Fund and its beneficiaries.

The Fund's strongest mitigation against market-wide and systemic risk, is through a well-diversified investment portfolio and has actively worked with its Investment Consultant and managers over the last 2 years to achieve this. This diversification reduces the possible effect on the performance of the Fund from any one asset class. The full effect of the COVID market drop, the global economic impacts of the Russian/Ukraine conflict have been successfully mitigated, by this diversification, to an acceptable degree.

The Fund heavily relies on its investment managers and advisers in helping identify and respond to market-wide and systemic risks, and to keep the Investment & Performance Sub-Committee well informed.

Investment Managers

The Fund ensures that its investment managers fully integrate ESG related risks into their decision making processes and that these are reflected in their responsible investment policies. Managers are encouraged, via an annual due diligence process, to become signatories to the Stewardship Code, Climate Action 100 and TCFD. The Fund requires all its managers to be either signatories, or to demonstrate they are actively working towards becoming signatories of the Stewardship Code from 2021, and has incorporated this as a mandatory requirement for any new appointments process to run one or more of the Fund's mandates.

The Fund as a defined benefit scheme is a long term investor and consequently is less impacted by short term market events or volatility. For example, throughout the COVID-19 pandemic and, economic impacts of the Russian invasion of Ukraine, the Fund continued to maintain its focus on what it believes is a sustainable investment strategy that protects the long-term interests of its beneficiaries. Its investment strategy and approach were unaffected, with relatively few changes made to underlying portfolio holdings.

Promotion of well function financial system

Due to the relatively small size of the Fund in LGPS terms and the limited resources the Fund is not able to actively participate in many initiatives. The Fund however is a signatory to Climate Action 100 and encourages its managers to be. The Fund also actively encourages all its Managers to engage in relevant industry initiatives, in line with the expectations outlined in its Investment Strategy and now detailed in the contracts.

Procurement

All investment managers and advisors are appointed following public procurement regulations, including the use of the Norfolk Framework and the associated standards of transparency. Contracts with managers are regularly reviewed to ensure they continue to meet the requirements and the objectives of the asset allocation strategy. Where they do not, mandates are terminated and re-tendered.

Case Study 1: Engagement in relation to the Russia/Ukraine Conflict

Following the outbreak of the conflict between Russia and Ukraine the Committee's attention was drawn to the Fund's holdings in Russia when it became likely financial sanctions would be imposed on Russia. To assess the extent of the Fund's exposure the Committee instructed their investment advisor, Isio, to reach out to all relevant investment managers to confirm their Russian exposure and what action was being taken for these holdings. At the time the conflict started the Fund's exposure to Russia was less than 0.1% of total Fund assets.

The Fund's exposure to Russia was focused in two mandates – LGT Crown Multi-Alternatives Segregated Portfolio (a pooled alternatives fund) and Baillie Gifford Global Alpha Paris-Aligned Portfolio (a segregated public equities portfolio). LGT advised that they were managing the positions within the pooled fund (private equity and emerging market debt) accordingly, however, due to the illiquidity of the private equity holdings limited immediate action would be possible. Baillie Gifford advised that they had sold a portion of the two direct Russian holdings they held on behalf of the Fund ahead of the closing of markets and, in a prudent step, had subsequently marked the holdings to zero in the portfolio. The Director of Finance and Corporate Governance gave a formal update on the position of the Fund's investments to the Committee at the March 2022 Pension Fund

Committee and Pension Board meeting to make them aware of the evolving situation. The Committee responded positively to this update, noting that, should they receive any questions regarding the Fund's Russian allocations, they could confidently say that any holdings were not held directly by the Council, and that allocations held indirectly were minimal with moves were being made to reduce them to zero.

The Committee also requested the investment managers make no new investments into Russian entities or financial instruments. The Fund's investment managers agreed to manage the funds accordingly, facilitate an orderly exit of positions where needed, and to avoid any new investments in this area going forward.

Case Study 2: 2023 Banking Crisis

In March 2023 following the collapse of several US banking entities including Silicon Valley Bank ("SVB"), Signature Bank and Credit Suisse, the Committee requested information from the Fund's investment consultant, Isio, and investment managers to understand the position and access the wider ramifications for the Fund. It was identified that exposures to Credit Suisse, and the other impacted US banks, were minimal at the overall Fund level, and that it was expected to have little impact on the Fund's overall performance.

As part of the discussions with the Fund's investment managers, it was identified that one of the equity managers had made a small but recent investment in Signature Bank in the month prior to its failure. This investment was subsequently written to zero value following the firm being taken into receivership. The Committee asked Isio to liaise with the manager, and investigate the due diligence carried out, both in terms of process and risk management, prior to investing in Signature Bank.

Isio provided a detailed summary of their findings to the Committee and hosted an in-person meeting between the Committee and the manager, to allow the Committee the opportunity to directly engage with and raise questions to the manager, outlining their concerns relating to the investment. The manager acknowledged the concerns raised, and provided detailed rationale of their investment thesis, and outlined their due diligence process.

5 REVIEW AND ASSURANCE

Signatories' review their policies, assure their processes and assess the effectiveness of their activities.

Sources of assurance

Policies

The Fund reviews its key policies on a regular basis as part of its annual governance and compliance statement. The key policies reviewed every June are the Funding Strategy Statement and the Statement of Investment Principle's. Other policies are reviewed at a minimum every 3 years. The Fund identifies the cycle of review in its annual 3 year business plan which is approved by the Joint Pension Fund Committee and Pension Fund Board. The implementation of the Business plan is monitored thereafter.

Financial Regulations

The Pension Fund adopts the financial regulations of the Council in full. The regulations can be found via the link below:

https://www.scotborders.gov.uk/downloads/file/156/financial_regulations

Pension Fund Board

The role of the Board is to assist Pension Fund Committee to fulfil its functions in relation to all aspects of governance and administration of the Pension Fund. As such, it plays an integral part in providing assurance that the Fund is undertaking its governance and stewardship effectively and appropriately. The membership of the Board has equal Employer and Employee representatives, with the Employee's being represented by Trade Unions.

Internal Audit

Internal controls are in place to ensure procedures and policies are followed. Internal Audit undertake an independent audit of the control environment in line with agreed public sector standards for Internal Audit, to provide an annual opinion of the effectiveness of systems of governance, risk management and internal controls in operation within the Fund.

External Audit

The annual Fund Report (including Accounts) is subject to external statutory audit by Audit Scotland. The External Auditor prepares an 'Audit Findings Report' in accordance with the requirements of the under Part VII of the Local Government (Scotland) Act 1973 and prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003, auditing standards and other professional requirements. This work provides assurance that the financial statements of the Fund, which include details of investment performance and other core stewardship information such as expenditure in relation to budget, present a true and fair view of the financial transactions during the reporting year and of the amount and disposition of the Fund's assets and liabilities at the end of that year.

The 2022 review found the Fund has appropriate arrangements in place to support governance and accountability.

ESG stewardship has not specifically been included in internal or external audits, prior to or during this reporting period. However, from 2023/24 onwards, the remit for Internal Audit is to be extended and will include ESG/stewardship related areas.

There are currently no specific plans for Audit Scotland to include ESG considerations in its external audit, although its audit remit is under regular review,

Annual Governance Statement

As Part of the Local Government Pension Scheme (LGPS) the Fund is administered in accordance with the Public Services Pensions Act 2013 and the Local Government Pension Scheme (Governance)(Scotland) Regulations 2014. It is a requirement of the LGPS Regulations that the Pension Fund maintains a Governance Policy and Compliance Statement. The statement is reviewed on an annual basis as part of the annual compliance review and subject to External Audit as part of the annual audit process. The 2022 Governance Policy and Compliance statement was fully compliant with published best practice guidance. [Governance Policy and Compliance Statement 2022](#)

An external review of the Fund's governance structure was undertaken in December 2022, by an independent adviser. This reviewed current arrangements against existing TPR Codes of Practice, as well as potential changes anticipated in the (yet to be published) TPR 'Single Code'. This review covered: governance structure & decision making, pension fund objectives & planning, outcomes & oversight, and risk management. The report highlighted existing strengths/good practice and recommendations for improvement.

At its March 2023 meetings, the Joint Pension Committee & Pension Board agreed that a plan should be produced to fully assess the implications of this report and take this work forward. Recommendations on risk management and internal audit have already been initiated.

Actuary

The Actuary prepares the valuation and sets the contribution rates to ensure Fund solvency and long-term efficiency with due regard to LGPS Regulations. The Actuary is instrumental in assisting the Fund in the production of its Funding Strategy Statement and the Actuary's valuation assumptions play a key role in the development of the Investment Strategy Statement (both of which are key stewardship policy documents).

Independent Advisors

The Fund employs external Independent Advisors, whose remit includes the provision of clear, concise and understandable investment and governance advice to the Committee and the ISG; and supporting the Committee, ISG and Officers in developing and reviewing the Investment Strategy Statement relevant to the Fund's current funding level and risk appetite. Their input into and challenge of the Fund's approach to the stewardship of its assets is integral to providing assurance to the Committee that the approach to stewardship is efficient and effective.

Reporting

The Fund seeks to ensure its stewardship is fair, balanced and understandable. In addition to the sources of assurance set out above the Fund also undertakes the following:

- Sets and monitors a 3 year Business plan which identifies areas of improvements and timetables regular review of key assurance policies and procedures.
- Sets an annual budget which is monitored on a quarterly basis via formal reports to the Joint Pension Fund Committee and Pension Fund Board
- All reports to the Joint Pension Fund Committee and Pension Fund Board undergo a formal internal consultation process involving key senior officers of the Council. The agendas and reports published via the Councils website one week prior to the meeting date.

The Fund applied to the Financial Reporting Council to become a signatory to the Stewardship Code. Whilst its first submission was not accepted, additional work on the feedback areas provided enabled a further submission to be made in October 2022. This application was confirmed as successful in February 2023, providing further external assurance on developing and improving stewardship practices and reporting.

INVESTMENT APPROACH

6 CLIENT AND BENEFICIARY NEEDS

Signatories’ take account of client and beneficiary needs and communicate the activities and outcomes of their stewardship and investment to them.

Beneficiaries

The Fund comprises of 17 employer organisations with Scottish Borders Council representing 88% of members. The table below details the size and profile of membership as at 31 March 2023.

	Active members	Deferred members	Pensioners	Total Beneficiaries
People	4,842	3,187	4,532	12,561
Percentage	38.5%	25.4%	36.1%	100%
Average age	47.1	49.9	70.7	

As stated earlier, the Fund’s primary aim is: *“To provide for members’ pension and lump sum benefits on their retirement or for their dependents’ benefits on death before or after retirement, on a defined benefit basis”*.

In order to meet this overriding objective, the Fund will act in the best financial interests of its members. Instead of solely pursuing the highest possible return, the Fund will take into account all financial risks within its investment strategy, including ESG risks and considerations. The Fund believes that a positive approach to ESG issues can positively affect the financial performance of investments, whereas a failure to address these considerations can have a detrimental effect. In accordance with this fiduciary duty, the Committee believe it is imperative to act “prudently, responsibly and honestly” and therefore consider both short term and long-term risks when making investment decisions.

In addition, in terms of communication, Pension Committee and Board meetings are open to Fund members to attend and the dates and agendas of these meetings are publicised ahead of time. Members are able to communicate with the Fund and any enquiries are considered and responded to in a timely manner. Information relating to the Fund’s activities are published in the Pension Fund annual report and in communications to members. Responsible investment topics and manager stewardship activity are also presented to the Committee on a regular basis. Any instance where further information, engagement or scrutiny is required is directed to the investment managers.

The Fund has a fiduciary duty to ensure the needs of members are met, which includes ensuring that funds are available to pay benefits and having the required funding level to maintain fund stability and solvency.

Activities to achieve both the ultimate investment time horizon and maintain the funding level are described in the Fund's published Funding Strategy Statement and its Statement of Investment Principles which are reviewed on an annual basis and published on the Funds dedicated website. These documents can be accessed via the link below:

<https://www.scottishborderscouncilpensionfund.org/resources/>

Investment Time Horizon

The Fund is an LGPS, located in the Scottish Borders, with over £800m of assets under management.

As is customary for many LGPS schemes, the Fund remains open to new members and the future accrual of benefits and therefore has a very long-term investment horizon for operating as a going concern pension scheme, As a maturing fund the Fund must also consider cash flow to ensure it has the funds available to pay pension to beneficiaries as they become due.

For the purposes of investment modelling and strategy, and based on the liability profile of the Fund provided by the Fund Actuary, the estimated duration of the ongoing liabilities is c.17 years (as at the 2020 Actuarial Valuation). This long term position is considered as part of the investment strategy decisions and in setting objectives of the Fund. (the overriding objective of the Fund is to achieve and maintain a 100% solvency level; the last assessment, carried out in the 2020 triennial valuation is 110%).

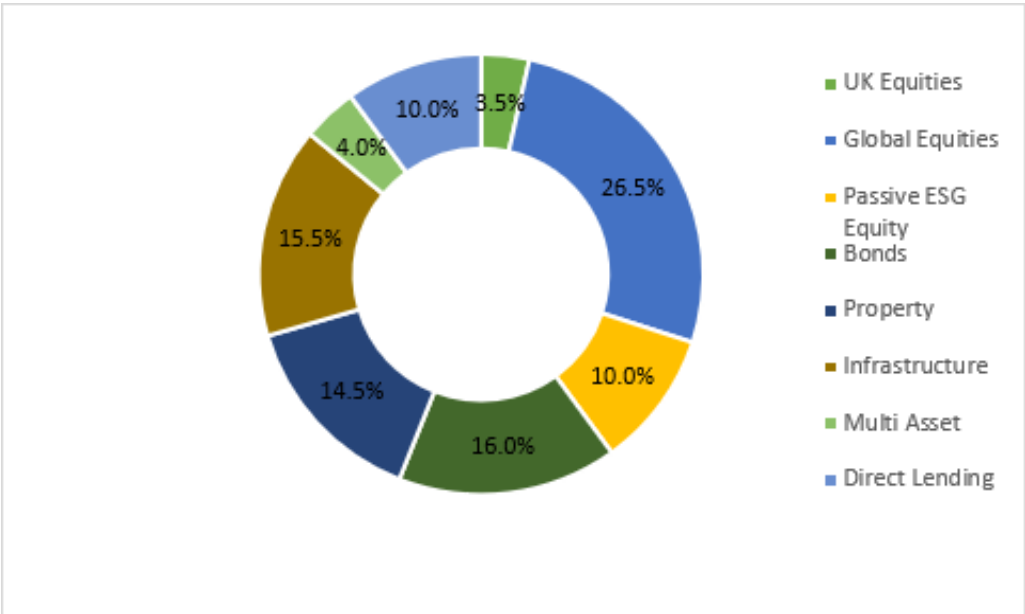
Similarly, when performing climate scenario analysis on the Fund’s investment strategy, as part of the work completed for TCFD requirements, the Fund considers the impacts over a long-term horizon of c.20 years (broadly in line with the duration of the liabilities).

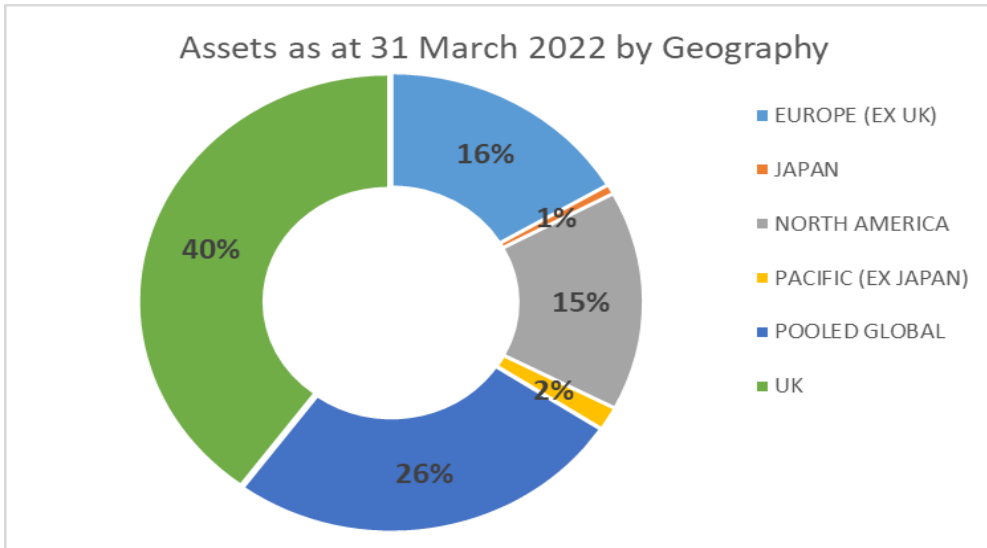
Breakdown of Assets

The Fund, as at 31 March 2023, held assets valued at £866m. The Strategic Asset Allocation contain the Statement of Investment Principles sets the investment classes. The Fund has a diversified portfolio which spreads the risk and allows the Fund to meet its objectives, at the same time ensuring cash is in place to meet all cashflow commitments. A full listing of assets are available on the Fund’s website and can be accessed via the link below

<https://www.scottishborderscouncilpensionfund.org/resources/investments-as-at-31-march-2022/>

The graphs below show the assets as at 31 March split over both asset class and geography.





Both graphs are still current as at March 2023 and feature in the 2023/24 Pension Fund's Annual Report.

Communications with Beneficiaries

The Joint Pensions Committee & Pension Board reviewed and approved the current Communications Policy in September 2022. The overall aim of the Communications Policy is to provide communication in an efficient manner to all stakeholders ensuring that it is: -

- Delivered in a timely efficient and effective manner
- Provides relevant content to the audience, with a clear purpose and message
- Well written, avoiding being of a technical nature wherever possible, based on the differing needs of the stakeholders
- Becoming increasingly digital.

The objective of this policy is to ensure that: -

- Pension regulations and the policies of the Fund are communicated in a clear and informative manner
- Benefits of the scheme are promoted to ensure this is recognised as an integral part of the employee reward package
- Information is provided in the most appropriate manner to allow scheme members to make more informed decisions relating to their pensions
- Communication methods are continually evaluated, assessed and redesigned where necessary to ensure continuing effectiveness

The communication methods utilized are:-

Fund website to provide information to as many stakeholders as possible at a time that suits them we provide access to the following: -

- Scheme policies
- Scheme benefits
- Contact details
- Links to other useful sites

The Fund has deployed a secure portal for all active and deferred members of the LGPS, which provides direct access for scheme members to view personalised pension data and further enhances the communications with active and deferred scheme members in a modern digital manner. The portal also allows members to carry out the following: -

- View all the details they need about their LGPS Pension in real time
- Carry out pension quotes on demand without needing to contact [The Pensions Team](#)
- Annual Benefit Statements available to view
- Check and update nominations of beneficiary
- Upload any documents that the Pensions Team request
- Use the contact facility to raise any questions in an electronic manner
- Provide feedback on the MSS application

Information is also provided, sent with regular mail-outs (e.g. with Annual Benefit Statements), to keep members informed of any relevant legislative changes, or keep them apprised of facilities available via the 'self-service' portal. In addition, members receive bulletins via the internal staff communication channel 'Viva Engage'. Using this facility, eye-catching 'poster-style' bulletins can be sent to all members to alert them to changes, or sign-post them to useful information or events. A recent example included informing members of Pension Awareness Week and an invitation to a pensions webinar. Other bulletins have included an introduction to member 'self-service' and a reminder on the release of Annual Benefit Statements.

Pension Committee and Board meetings are open to members to attend and responsible investment topics and manager stewardship activity are presented to the Committee on a regular basis. The dates and agendas of these meetings are publicised ahead of time. Members are able to communicate with the Fund on any points of interest/enquiries and these are considered and responded to in a timely manner.

The Fund also communicates with its members through a variety of publically available documents on its strategy and performance. Information relating to the Fund's activities are published in the Pension Fund Annual Report and Accounts, which details the activities of the Fund and disclosure requirements as set out in the CIPFA Code of Practice. The Annual report also describes the Fund's governance activities for the year.

The ultimate beneficiaries of the Fund are the scheme members. However, as scheme member benefits are determined by regulations rather than performance of the Fund's assets (benefits payable are guaranteed by statute and thereby the pensions promise is secure for members), the Fund recognises that employers in the Fund (a significant proportion of which are funded by local taxpayers) are also key beneficiaries. This is because from an investment stewardship perspective, employers bear the majority of the financial risk and reward.

As such, the Fund also maintains regular contact with employers, who also receive pension updates (e.g. legislative changes, rate changes etc) as necessary, whilst the annual Employer Liaison Meeting keeps employers updated and informed. These meetings provide updates and presentations on a range of matters, such as annual accounting or reporting requirements, policy or procedural changes and an overview of the investment strategy, fund performance and any changes to the investment portfolio. The Employer meeting for 2022, for example, included a session outlining the impact of ESG and climate change factors on investment and the Fund's responsibilities for responsible investing and ESG considerations.

Formal and informal consultations with employers also include

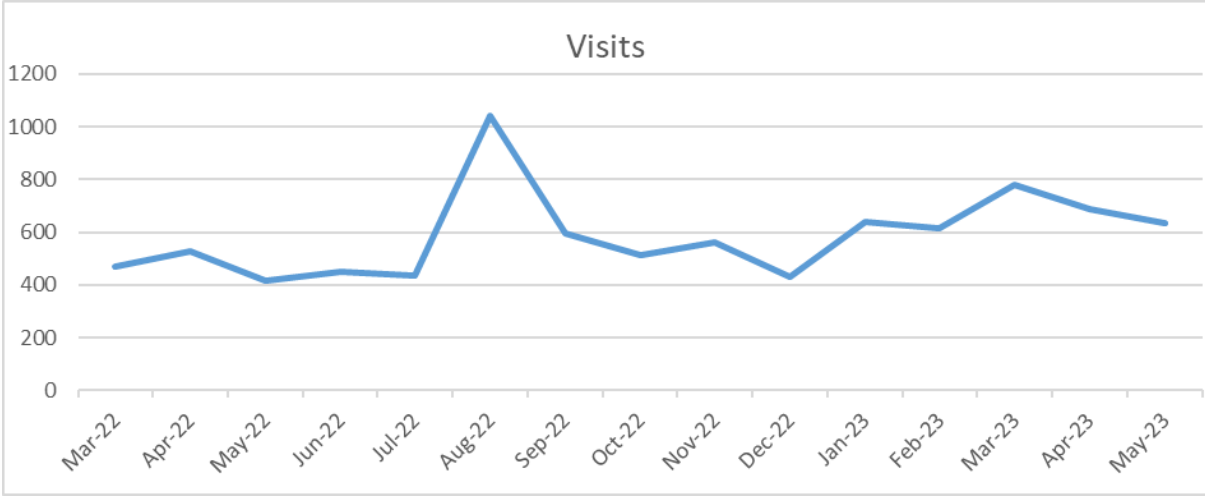
- Where proposing material changes to its Administration Strategy
- Where proposing material changes to its Funding Strategy Statement and Statement of Investment Principles
- Before and during the triennial valuation process.

Communication on ESG and Stewardship

Information on the Fund’s ESG journey and progress is provided to members and employers through the variety of means outlined above and through attendance at Pension Committee and Board meetings (or accessing the publically available agendas and minutes), which include ESG related agenda items. The Fund welcomes this transparency - not only for members and employers, but the wider general public are also free to attend these meetings.

Examples of Engagement Activity with Beneficiaries

The Pension Fund website allows members to access information and documents. The graph below details the number of visits to the site during the reporting period. The scheme website ca also be accessed at www.scottishborderscouncilpensionfund.org



Communication Performance

Examples of communications that took place during 2022/23

- The annual Employer Liaison meeting was held in March 2022 as a virtual meeting due to the continued hybrid working practices. In addition to the meeting an email was issued to all employers providing the details of the requirements for the year end reporting for the scheme and action to be taken in preparation for the coming years’ payroll
- With Member Self Service having been deployed there was continued engagement with active members to encourage those who had not already done so to sign up and provide access to the Annual Benefit Statement
- Information continues to be posted within the Scottish Borders Council Pension Fund website, this included the following: -
 - Notice that we were unable to issue payslips and guidance on how to sign up for online access to payslips
 - Information regarding Pensions Increase
 - Details of Shared Cost AVC

Seeking the view of beneficiaries – how and the reason for chosen approach

The Fund’s framework for communication is contained in the Communication Policy which can be accessed via the link below:

<https://www.scottishborderscouncilpensionfund.org/resources/communication-policy/>

The Committee and/or Board consider members views when it comes to managing the assets and this is primarily achieved through the employer and member (via trade unions) representation on the Pensions Board.

What action has been taken as a result

Investment Performance (at Fund and manager level)
Quarterly
Detailed written reports provided to the Joint Pension Fund Committee and Board and to Performance & Investment Sub-Committee. Reports provided by the Fund investment advisors, Isio. Reports are presented at meetings, followed by detailed questions from members.
Key actions and outcomes in 2022/23 included: <ul style="list-style-type: none"> Concern was raised about the performance of the Fund’s growth manager given the significant shift in the interest rate environment, as central banks globally hiked rates in response to a material spike in inflation. The manager’s growth style materially underperformed, as rising interest rates provide a headwind to growth stocks, as future growth is discounted at a higher rate. This can result in meaningful declines in the value of the underlying companies. Questions were directed to the manager, who reconfirmed their investment thesis, and that they were confident that they would be able to continue to deliver growth for the Fund going forward. Whilst there was comfort in the manager’s approach, additional monitoring was agreed. No additional action was required at this point. In response to the resignation of the portfolio manager of the Fund’s preferred Residential Property strategy, Isio downgraded their view of the strategy from “Meets Criteria” to “Partially Meets Criteria”. This decision prompted the Committee to revisit their decision and review the alternative providers within the space. After careful consideration, the Committee agreed to appoint their second shortlisted manager to manage the mandate.
Responsible Investment Training
August 2022
Detailed written report provided to the Joint Pension Fund Committee and Board by the Fund’s investment advisors, Isio. Report provided detailed training on Responsible Investment, the current regulatory landscape and proposed 4 key metrics for the Fund to adopt, based on the current feasibility and coverage of the Fund’s managers, in order for the Fund to align itself with the expected TCFD requirements.
The Committee agreed to adopt the following metrics for the Fund: <ul style="list-style-type: none"> Absolute emissions metric: Total (Absolute) Greenhouse Gas Emissions Emissions intensity metric: Carbon Footprint Portfolio alignment metric: Implied Temperature Rise Additional climate change metric: Climate Engagements <p>In addition, the Committee agreed a target of “relative improvement” as opposed to an absolute or fixed target i.e., “reduce or increase over time” until TCFD regulations stipulate anything stronger. This can be reviewed over time.</p>
Responsible Investment Metrics and Targets Report
September 2022
Detailed written report provided to the Joint Pension Fund Committee and Board by the Fund’s investment advisors, Isio. The report documented each managers’ ability to report on the Committee’s agreed metrics and the portfolio’s current position.
The Fund’s metrics were identified:

- Total Greenhouse Gas Emissions for the portfolio: 16,269.1 metric tonnes (normalised total GHG emissions across managers that were able to report was 2,324.2 metric tonnes)
- Carbon Footprint for the portfolio: 17 metric tonnes per \$1million investment
- Implied Temperature Rise provided by managers ranged from a 1.8°C to 3.2°C temperature rise by the end of the century (normalised implied temperature rise across the managers that were able to report was 2.5°C).
- Climate Engagements: 290 individual engagements with companies within the portfolio where managers were able to report (normalised engagements across the managers that were able to report was 48 engagements)

This report acted as the Fund’s first annual assessment and will form the benchmark for future measurement and assessment of progress against the Committee’s “relative improvement” target.

Given gaps in the data from the Fund’s managers, it was agreed that the Fund would engagement with the individual managers to drive improvements in the data availability and reporting quality.

Impact Assessment

December 2022

Detailed written report provided to the Joint Pension Fund Committee and Board by the Fund’s investment advisors, Isio. The report outlined the ESG and Climate score for each manager and identified actions to engage with the investment managers on.

Signatories should explain where managers have not followed their stewardship and investment policies and reason why

There are been no incidents where managers have not followed their stewardship and investment policies.

7 STEWARDSHIP, INVESTMENT & ESG INTEGRATION

Signatories systematically integrate stewardship and investment, including material environmental social and governance issues, and climate change, to fulfil their responsibilities.

Integration

The Fund's investment beliefs and approach to assessing investments are set out in its Investment Strategy Statement. This includes beliefs, as long-term investors, that integrating ESG considerations into the investment management process improves risk adjusted returns. The Fund seeks to integrate stewardship and ESG into all its investment decisions and requires its Investment Managers to adhere to these standards in all their investments activities and monitors how these standards are upheld against the Policy's overarching principles .

Issues prioritised within investments

The Fund, with support from their investment consultant, assesses new and exiting investments (or asset classes) and respective managers against a wide range of evaluation criteria including business and operations, investment approach or philosophy, risk management, investment team, as well as ESG issues and considerations (including climate change).

Prior to investing in any asset class, the Fund seeks a thorough understanding of the asset class, and to assess the suitability of the investment, from an investment process/philosophy and risk management perspective, both on a standalone basis and in the context of the Fund's wider portfolio.

The Statement of Investment Principles and Responsible Investment Policy sets out what the Committee expects from all investment managers and covers all elements and risks, including ESG factors, which need to be considered in the investment decision making process. The highest standards are expected across all managers and these are not diluted for particular geographies or asset classes. Compliance with a variety of ESG factors are included and assessed in every mandate awarded. There are no specific time limits set in relation to these but ongoing and continual improvements, over the investment period, are required and this is regularly monitored.

ESG issues as a priority within investments

The Fund is committed to being a long-term steward of the assets it invests in, and takes into account all financial risks, including ESG considerations. The Joint Pension Committee and Board believe this approach will protect and enhance the value of the Fund over the long-term, in the best financial interests of its members. The Committee has a fiduciary responsibility for the Fund and its members for the determination and oversight of investment policies and the implementation of those policies. The Fund regularly appraises, with the assistance of its investment consultant, the ESG credentials and performance of its investment managers to ensure that its ESG policies are properly reflected within the investment portfolio and the managers are continuing to improve and enhance their ESG capabilities. The Fund expects its investment managers to integrate material ESG factors within its investment analysis and decision making.

In cases where the Fund believe a manager is not meeting the requirements of the Fund, the ongoing suitability of the investment would be reviewed and a more appropriate investment manager sought.

Responsible investment considerations, including climate risks and opportunities, are addressed in investment manager and other service provider appointments and included in the Investment Manager Agreements (where relevant). These are legal contracts in place between the Fund and its respective investment managers governing the mandate specific and approach taken.

The Fund believes that the companies that manage assets on its behalf should at least be signatories to common codes such as UNPRI, GRESB, TCFD and the UK Stewardship Code. Existing investment managers who operate outside of these frameworks, need a valid reason for doing so (for example they are signed up to other relevant bodies for their industry or specific asset class or region). Where this occurs, the Committee will continue to encourage the managers to sign up to the common codes, in line with their requirements for new mandates. New investments will not be made into managers who are not signatories to UNPRI, GRESB, TCFD, the UK Stewardship Code, or equivalent regional or asset class body, without valid reason. The Fund requires all managers to demonstrate their continued active commitment by providing an annual UNPRI report, these are reviewed as part of the annual good governance review of all managers.

The annual review of the managers for 2022 reported that 16 out of 17 Managers were signatories of UNPRI representing 98.8% of the Fund. The Fund continues to engage with the remaining managers to encourage them to become UNPRI signatories.

The Committee and Pension Board members have received and will continue to receive training and education on ESG matters including climate change, governance and other risks, in order to keep up to date on the latest sustainable investment regulations and opportunities. Training will be recorded in a training log and reviewed under regular training needs and analysis assessments. Key ESG issues will be considered and included in the Fund's Risk Register, where they are material.

Responsible investment approach: Investment Managers

Responsible investment activity is undertaken through various methods within the Fund's investment strategy.

- 1) The Fund's investment managers who are required to exercise the Fund's voting rights, in line with the Fund's RI Policy, are also required to incorporate analysis of ESG issues into their investment analysis and are expected to engage on an ongoing basis on these issues with the companies in which they invest. The Committee ask the manager presents an overview of these issues when they meet each of the managers for a governance update (at least once a year).
- 2) The assessment of each investment manager in relation to their capabilities and consideration of their overall ESG approach and management of ESG related risks, including climate change, has been completed with the support from the Fund's investment advisor. Each fund is rated on its ESG integration credentials across five criteria; investment approach, risk management, voting and engagement, reporting and collaboration, as well as an overall ESG and climate specific rating. This assessment process also provides proposed actions, communicated to each investment manager, to drive improvements within the Fund and the broader industry.
- 3) For new manager selection exercises, a thorough due diligence process is followed, against an agreed evaluation criteria, across investment and stewardship, including the integration of material ESG issues.
- 4) The Fund has recently signed up as a supporter of the TCFD framework and is committed to reporting in line with the recommendations in the near term, irrespective of the timeline of regulatory requirements.

Manager selection, retention and engagement

The Committee continues to undertake both direct engagement with its investment managers (through regular reports and, at least, annual meetings with each manager), and indirect engagement, through their investment consultant (providing quarterly reports). This stewardship activity covers the whole spectrum of ESG issues and risks.

The Fund has also developed bespoke ESG beliefs, included in the latest Responsible Investment Policy.

ESG metrics and targets

During 2021 and 2022, the Fund identified the key ESG priorities for the Fund, through a series of workshops and using a framework based on the UN Sustainable Development Goals (UN SDGs) framework. This framework was used to set specific priority objectives for the Fund and to identify metrics, in line with the ESG beliefs. Six key responsible investment objectives were identified:

- SDG 13 – Climate Change
- SDG 7 – Affordable & Clean Energy
- SDG 1 – No Poverty
- SDG 2 – Zero Hunger
- SDG 3 – Good Health & Well-being
- SDG 10 – Reduce Inequalities

It was agreed that SDGs #7 (Affordable and Clean Energy) and #13 (Climate Action) would be prioritised, alongside a number of socially focused objectives.

Given the anticipated TCFD reporting requirements, and the Fund’s wish to comply voluntarily with its requirements, an initial focus on climate action was agreed for developing metrics. It is intended to use these to engage with the Fund’s investment managers.

The metrics selected by the Committee for initial monitoring and engagement with investment managers are as follows:

SDG 13 (Climate Action)	Scope 1 & 2 carbon emissions (tonnes of CO ₂ e)
	Scope 1 & 2 carbon footprint (tonnes of CO ₂ e / £m investment revenue)
	Implied temperature rise (°C)
	No. of climate-related engagements

The Fund reported its initial metrics in September 2022. As no additional measurements have been taken it’s not been possible to identify what (if any) improvements have been made. The intention is to continue collating and reassessing these metrics on an annual basis. It is expected that the recent strategic allocations will have improved the Fund’s position for future assessments.

Because this is a developing area, with data continuing to evolve, the Fund will reassess and refresh the framework as data improves over time. Whilst some metrics data remains inconsistent across the Fund’s investment managers, we expect to see improvements, with frameworks such as TCFD, improving this position.

The Fund believes that this framework, once fully implemented, will help identify if investment managers are improving over time, in line with the Fund's objectives. This may also help to identify any specific actions required, whether that's improving disclosure, driving year on year metric improvements, increasing stewardship effectiveness, or managing exposures (for example, to reduce the carbon footprint/emissions of the Fund). The Fund will look to review and implement more specific, relevant, and quantifiable targets for these metrics once data becomes more readily available.

Outcomes

As previously mentioned, the Fund agreed a set of specific ESG beliefs and objectives which underpin the Fund's Responsible Investment Policy. In addition, the Fund maintains separate governance, risk management (including a regularly updated Risk Register) and conflict of interest policies.

Given the ESG beliefs and objectives (aligned with the prioritised SDGs), the Committee has started proactively integrating ESG considerations and opportunities into the Fund's investment strategy and over the last couple of years have made a number of strategic changes to drive improvement in the above metrics. The various actions taken to date include:

- Replacing the existing passive UK equity mandate in favour of a global sustainable strategy. This was achieved by allocating to the LGIM Global Future World Index Fund.
- Switching the Fund's existing allocation to Morgan Stanley (Global Brands Fund) to their Global Sustain Fund.
- Switching the Fund's existing Global Alpha mandate with Baillie Gifford to their Paris-Aligned strategy.
- Introducing an allocation to Social Housing via CBRE's UK Affordable Housing Fund.
- Introducing a standalone allocation to Natural Capital within the strategy via Nuveen's Global Timberland Fund.
- Introducing a specific renewable infrastructure mandate via Quinbrook's Renewables Impact Fund.

The Fund is due to undertake a review of its investment strategy in Q4 2023 following the Actuarial Valuation, and ESG considerations and opportunities will be a key focus of this review. There is also an intention to build out an "Impact" mandate within the strategy, with the allocations to Natural Capital and Renewables acting as the seed investments.

8 MONITORING MANAGERS AND SERVICE PROVIDERS

Signatories' monitor and hold to account managers and/or service providers.

The Fund employs a range of service providers and advisors who assist with its stewardship activities (listed earlier in the report) and its investment managers. The Fund conducts public procurements re-tenders as necessary, for all services, to ensure consistently high quality advice and a fair selection process.

The Responsible Investment Policy requires the Fund to review and report, on an annual basis, the performance of Managers and the Pension Fund Investment & Performance Sub-Committee meets every manager at least once a year to discuss performance against agreed benchmarks.

Investment managers are assessed on their investment capabilities relevant to the specific mandate and asset class they have been selected for. This includes an assessment of how ESG considerations and risk, including climate change, are accounted for within the portfolio. This is done through the Fund's investment consultant, Isio, via an annual ESG Impact Assessment report of all its investment managers. This includes a progress update which outlines the progress every manager has made against the previously proposed ESG actions.

In December 2022, the Investment & Performance Sub-Committee, with Isio's support, undertook its first ESG Impact Assessment. This was an assessment of the ESG capabilities of each investment manager the Fund invests in. Each manager was rated, by Isio, as follows: 0-1 (significantly fails to meet criteria), 1-2 (practically meets criteria), 2-3 (meets traditional criteria), 3-4 (meets additional sustainability criteria) and 4-5 (meets additional impact criteria). Ratings were given against a number of questions, across five ESG criteria, (namely Investment Approach; Risk Management; Voting & Engagement; Reporting; Collaboration), using a quantitative scorecard.

The assessment also provides an overall ESG score and a climate score for each investment manager.

As part of this assessment, proposed actions are outlined for each manager, with the intention that managers' progress against these actions, which are monitored to ensure improvements are achieved, in each manager's ESG approach. These actions focus on the priority areas, thought to make the most significant improvements from an ESG perspective.

Examples of actions for one investment manager in 2022 include: tracking social metrics as a part of regular reporting, implementing a firm-level net zero target and consideration of alignment with a temperature pathway.

In addition to the annual assessment, every investment manager is required to complete a due diligence questionnaire and to provide key documents. A summary of the responses are reported to the Joint Pension Committee & Pension Board meetings and also reviewed by Audit Scotland, to demonstrate governance review of each manager.

Following the initial ESG Impact Assessment in December 2022, the Committee undertook a 6-month progress update in June 2023. The Committee noted the progress made and indicated their intention to liaise with the investment managers regarding progress on ESG matters on at least an annual basis.

The Fund complies with the requirements set under the Competition and Market Authorities’ (CMA) Investment Consultancy and Fiduciary Management Market Investigation Order 2019. With effect from December 2019, the Fund has set strategic objectives for Isio as their investment consultant/advisor. The strategic objectives were prepared with reference to TPR’s guidance, combining a mixture of quantitative and qualitative measures.

In line with the regulatory requirements, the Committee has confirmed the Fund’s compliance with the CMA Order and will continue to do so on an annual basis. The Committee assess their investment consultant and their other advisors on a regular basis and in relation to the services received and consider a re-tender process on a rolling basis. For a number of service providers, services are provided on a contract basis and KPIs are reported and monitored.

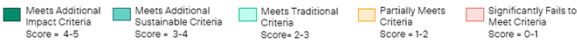
Whilst climate considerations feed into the assessment process of both advisers and investment managers, these are likely to be formalised further as part of anticipated incoming TCFD regulations for LGPS schemes. The Pension Committee and Pension Board have actively considered the upcoming TCFD regulations and agreed to proceed with preparations to ensure compliance once the regulations are formally agreed. The Committee has indicated it may seek to comply with requirements ahead of the regulations being formalised.

To facilitate this, a formal TCFD project plan was developed in June 2022, setting out the requirements of TCFD, and proposed timings for covering each element (initial training, agreeing appropriate metrics and targets, strategy and risk management (including climate scenario analysis)). The drafting the Fund’s initial TCFD report, is the next step, although timescales for publishing the report are still to be confirmed (likely determined by the impending regulations). However, the Fund is considering whether to publish the initial TCFD report on a voluntary basis.

Examples of Investment Manager Annual Assessments, including an executive summary, specific manager ESG assessments, including proposed actions for engagement, is shown below. The Fund assesses this information for every manager they invest in.

Executive Summary and Manager Overview

Overview



ESG Score	2.1
Investment Approach	2.4
Risk Management	2.2
Voting & Engagement	1.8
Reporting	1.7
Collaboration	2.8
Climate Score	2.2

The Fund **satisfies requirements on ESG and Climate grounds**, meaning that it has scored strongly on most of the ESG/climate assessed criteria and is in line with best practice in terms of ESG and climate integration.

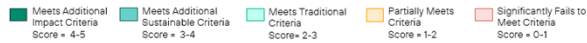
The Fund achieved **above satisfactory scores in Investment Approach, Risk Management and Collaboration**, meaning good practice approaches in all of these areas. The reason for this is set out below:

- **Investment Approach** – a number of the Fund’s have ESG policies in place and have shown examples of buy/sell decisions based on ESG factors.
- **Risk management** – a number of the Fund’s managers have established dedicated ESG teams
- **Collaboration** – the majority of managers are party to several ESG and climate-related collaborative initiatives.

No individual manager achieved less than “partially meets criteria” at an overall level.

Note: Weights of the individual assessment criteria will vary across asset class. © Isio Group Limited/Isio Services Limited 2022. All rights reserved.

Scores – Equity, and Alternatives



	ESG Score 2022	Investment Approach	Risk Management	Voting & Engagement	Reporting	Collaboration	Climate Score 2022
Fund A	2.1	2.3	2.3	1.8	2.0	2.0	2.5
Fund B	2.3	2.9	2.3	1.8	2.0	2.5	3.3
Fund C	2.5	2.1	2.8	2.0	3.0	3.0	2.7
Fund D	2.8	3.3	2.8	2.8	2.1	3.0	2.9
Fund E	1.7	2.3	2.2	1.0	0.8	2.3	1.7
Fund F	2.0	2.8	1.8	1.5	1.3	2.8	1.3

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Manager ESG Assessment and Views



Manager X – ESG Assessment Summary

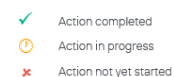
Assessment Criteria	Score	Overview
Investment Approach	2.3	<ul style="list-style-type: none"> The manager aims to have 100% of portfolio companies to be net zero aligned by 2040. The team have given examples of making buy/sell decisions based on ESG factors (noting these are incorporated into holistic investment evaluation).
Risk Management	2.3	<ul style="list-style-type: none"> The manager's funds utilise a firmwide ESG policy focusing on five core principles, encompassing social and climate change risks. The manager has a dedicated ESG team of over 40 individuals which are responsible for ESG research and engagement, and coordinating the proxy voting process.
Voting & Engagement	1.8	<ul style="list-style-type: none"> The manager has a list of stewardship principles which frame the way it interacts with portfolio firms. Interactions are carried out by the investment and ESG teams.
Reporting	2.0	<ul style="list-style-type: none"> The manager provides clients with quarterly reports which include company engagement, voting and carbon data. However, the manager does not report on key ESG metrics in quarterly reports on a fund level basis. The manager has strong TCFD reporting capabilities.
Collaboration	2.0	<ul style="list-style-type: none"> The manager is a member of several ESG related initiatives, including UNPRI, TCFD, IIGCC and the Net Zero Asset Managers Initiative.
Climate	2.5	<ul style="list-style-type: none"> The manager has committed to having portfolio greenhouse gas intensity lower than that of the MSCI ACWI EU Paris Aligned Requirements Index. The manager can demonstrate examples of climate change engagement.

Note: Views expressed by I&O are based solely on information provided by the investment managers.
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Manager Proposed Actions and Progress Update

Proposed Actions (1)



Mandate	Proposed Action Category	Progress	Manager Progress Against Action
Manager X	Investment Approach	🕒	Consider the use of fund-specific ESG objectives and an ESG scorecard
	Risk Management	🕒	Consider the use of ESG scoring of assets held within the portfolio Consider the introduction of climate scenario analysis
	Voting & Engagement	🕒	Consider running engagement through a centralised team
	Reporting	🕒	Consider the inclusion of wider ESG metrics in client quarterly reporting

9 ENGAGEMENT

Signatories engage with issuers to maintain or enhance the value of assets

Scottish Borders Council Pension Fund is a relatively small fund and doesn't have the dedicated resources to actively engage with companies directly. The Fund therefore delegates all voting and engagement activity to its investment managers on the basis that:

- ESG factors are relevant to all asset classes, whether liquid or illiquid investments, and investment managers have a responsibility to engage with companies on ESG factors.
- The Committee believes that engaging with companies is a more effective way to initiate change than by divesting and so will seek to communicate key ESG actions to its managers in the first instance. Divestment will however be considered on a pragmatic basis in the event that engagement with the investment manager has not produced appropriate change.
- Investment managers should be able to demonstrate the impact and effectiveness of their voting and engagement activities.

The Fund's ESG approach is set out in its Responsible Investment Policy. The Fund expects managers to vote in its best interests, whilst also maintaining their fiduciary duty. Day-to-day responsibility for managing investments and stewardship activities (including engagements) are therefore fully delegated to the Fund's appointed investment managers, and they are expected to monitor companies, intervene where necessary, and report regularly on activities undertaken. Reports from the investment managers on voting and engagement activities are provided to the Investment & Performance Sub-Committee on a regular basis.

The effectiveness of the Fund's managers' engagement activities is assessed through responses gleaned from their quarterly reports and engagement volumes are monitored to determine their commitment to the stewardship of investments under their management. Voting patterns and volume of attended meetings are also used as indications of commitment and effectiveness.

When contentious issues of national interests, relating to any of the Fund's investments is prominent in the press, or widely debated, the Fund will generally contact the relevant manager(s) to ensure they are aware of the Committee's interest and opinions on the issue and, in turn, to provide the Fund and Committee with their views and the steps being taken, with the invested company, to ensure the Fund's position is understood and the investment manager's views are taken on board. On occasions, the Fund may participate in escalation of particular, or sensitive issues, principally through investment managers' engagements with parties of concern.

Setting Engagement Expectations, Monitoring & Reviews

As part of the annual ESG impact assessment, the Fund, with the help of its investment consultant, identify proposed action points where progress is sought over the next 12 months. These action points form the starting position for continual engagement with and monitoring of its investment managers. A rolling report on progress, is made to the Pension Committee on a regular and ongoing basis. The latest progress report was completed in June 2023.

The Fund has also produced an Implementation Statement (**see Appendix – being compiled & will be added prior to report submission to FRC**) to provide additional evidence that the Fund continues to follow and act on its agreed principles. This report details:

- actions the Pension Committee and Pension Board has taken to manage financially material risks and ESG risks, including climate change, and implementing the Fund's key policies;
- the current policies and approach with regards to ESG and the actions taken with managers on managing ESG risks;
- the extent to which the Fund has followed policies on engagement, covering engagement actions with its investment managers and in turn the engagement activity of the investment managers with the companies they invest; and
- the voting behaviour of the Fund's investment managers covering the reporting year up to 31 March 2023 (noting the Committee's delegation of Fund voting rights to the investment managers through its investment in pooled fund arrangements).

To ensure effective and consistent use of the voting rights, investment managers are tasked with exercising the voting rights accruing to the Fund. If important issues impacting local residents do emanate from actions of invested companies, the Pensions Committee will contact investment managers in charge of these assets to make their opinion known and ask for such to be presented at meetings with the company or reflected in their voting decisions.

The Fund's approach to engagement also recognises the importance of working in partnership to magnify the voice and maximise the influence of investors as owners. An example of how the Fund seeks to achieve this is via its membership of LAPFF, who engage on behalf of LGPS schemes on particular/contentious issues while using the weight of their collective capital.

The Fund expects its investment managers to work collaboratively with others if this will lead to greater influence and deliver improved outcomes for shareholders more broadly. This is again assessed independently by the Fund's investment advisor, Isio, providing a collaboration score for each manager, in order for the Committee to understand if more could be done. The Fund appreciates that to gain the attention of companies in addressing governance concerns; it needs to join with other investors sharing similar concerns.

We have provided a summary of the output from this year's implementation statement below along with two notable case studies.

- Add summary of voting table from IS
- Add 2 notable examples from IS
- Add full IS to appendix.

Case Study – Social Housing Allocation Commitment

Due to the change in market and regulatory environment post the Fund's commitment to CBRE's UK Affordable Housing Fund, the Committee engaged with CBRE, both directly and via their investment advisor, to understand their outlook, and expectations on how the strategy was expected to perform in the new environment.

The concerns of the Committee were centred around the high inflationary and interest rate environment, which was impacting construction costs, project timelines and property values within the UK property market, and the regulatory intervention from both the UK and Scottish Governments, in the form of market rental caps and in relation to cladding, to protect existing tenants. The Committee wished to understand whether the relative attractiveness of the investment opportunity remained, given their fiduciary duty to members, and that the ESG characteristics of the opportunity remained.

As part of the Fund's engagement, CBRE looked to address each of the concerns raised in turn. Whilst higher interest rates were likely to put downward pressure on capital values across the residential property market, it was expected that any impact would be limited

given the wider structural imbalance within the UK residential property market. To this point, the investment thesis and ESG rationale remained strong. It was also noted that as the Fund was still to be drawn down, any declines in property values would be beneficial to the Fund (i.e., investing at a lower entry point). The current regulatory environment does reduce the degree of inflation linkage within the strategy, particularly during periods where inflation is in excess of the cap. CBRE expect the rent cap to remain in place when inflation is high and are supportive of the 7% cap in England and Wales (their expectation had been that the cap would be 5%). CBRE believe rental increases of 7% are unsustainable in the long-run given their underwriting models and, as such, they extended the cap to their shared-ownership assets, despite no regulation requiring them to do so. CBRE's rationale was that it would alleviate the risk of tenant default and turnover and provide greater certainty to their tenants during the cost-of-living crisis. Again, this action supported the ESG credentials of the strategy.

Following the engagement with the manager to understand their views, the Committee agreed that the opportunity remained appropriate for the Fund, despite the market conditions and regulatory landscape, and requested that Isio continue to monitor the fundraising and deployment activities of the strategy to ensure the manager was continuing to find strong opportunities and were able to draw down/commit investors capital at a reasonable pace.

10 COLLABORATION

Signatories’, where necessary, participate in collaborative engagement to influence issuers.

The Fund recognises the benefits of collaborative working and actively looks for opportunities to engage collaboratively with the broader market, including other investors and recognised bodies, on key issues and in relation to the Fund’s ESG priorities and key objectives. However, as a small fund, there are limitations on how proactive it can realistically be and the extent to which it has the resources to be directly involved.

The Fund’s approach to engagement does recognise the importance of working in partnership to maximise the influence of investors as owners. The Fund also expects its investment managers to work collaboratively with others, if this will lead to greater influence and deliver improved outcomes for shareholders/beneficiaries more broadly. The Fund appreciates that to gain the attention of companies in addressing governance concerns and other ESG issues, it needs to add its voice with other investors sharing similar concerns.

Industry initiatives

The Fund seeks to work collaboratively with other institutional shareholders and asset owners in order to maximise the influence that it can have on individual companies. These are listed and described in the table below:

Initiative / Body	Description
Task Force on Climate Related Financial Disclosures (“TCFD”)	The TCFD recommendations advocate for better disclosure in relation to climate risks and metrics. The Fund considers climate issues of paramount importance and a primary risk of investments it holds. As a result, the Fund signed up to being a supporter of TCFD in 2023, and has committed to reporting in line with TCFD requirements over the coming years and as part of this looks to collaborate with other TCFD supporters. The Fund has started preparation for reporting in line with the TCFD requirements, expecting similar guidance to the private sector, despite LGPS regulations not yet being confirmed. The Committee, with the assistance of their advisors, are monitoring the latest updates in relation to the regulations and will adjust their governance and reporting accordingly if needed. The Fund is considering whether to report ahead of the regulatory requirement
Local Authority Pension Fund Forum (“LAPFF”)	The Fund joined the LAPFF to have a direct voice in influencing engagement themes. LAPFF is a voluntary association of public sector pension funds based in the UK and a leading voice for local authority pension funds and looks to promote the highest standards of corporate governance and

	<p>corporate responsibility to protect the long-term value of local authority pension funds. As an output of this collaboration, voting recommendations are received from the LAPFF research team and are now passed on investment managers for consideration.</p>
<p>Climate Action 100+</p>	<p>The Fund as part of its responsible investment policy has become a signatory to Climate Action 100+ which has the support of 225 investors representing \$26.3 trillion of assets. It now has 700 investors with assets of \$68 trillion under management. Scottish Borders Council Pension Fund became a signatory to this in March 2020.</p> <p>During 2022 Climate Action 100+ produced 4 global sector strategy reports, identifying transition levers and supporting investor actions for aviation, food & beverages, electric utilities and steel sectors. Investor led work groups are focusing on actions required for these sectors to transition to net-zero. They also undertook alignment assessments, measuring implementation of Paris-aligned corporate actions, to give investors better data on company disclosures and 'real world' actions companies are taking.</p>
<p>Scottish IGG/RI Group & Scottish LGPS Pension Network</p>	<p>The Fund is also a member of the Scottish Asset Owners Responsible Investment Roundtable: a collaborative initiative between mainly Scottish Asset Owners. Members include local authority funds, Universities, and corporate defined-benefit and defined-contribution pension funds. The group has a wide remit and aims to share best practice with the aim of improving Responsible investment standards throughout the industry. In addition, the Fund also collaborates with other Scottish LGPS Funds, through the Scottish LGPS Pension Network.</p>

Investment collaboration

The Fund actively collaborates with Lothian Pension Fund Investments Ltd (LPFI) on a range of infrastructure investments. Within this collaboration, which allows the Fund to access investments not normally available to Pension Fund of our size on a cost effective basis, the Fund is focussed on minimising the impact of any investments on the environment. LPFI has strong ESG credentials and is also a signatory to the UK Stewardship Code.

Expectations of investment managers

The Fund believes that the companies that manage assets on its behalf should at least be signatories to the UNPRI, GRESB, TCFD and UK Stewardship Code. Investment managers are actively encouraged to collaboratively engage with a wide set of other relevant bodies, organisations and initiatives (including in relation to climate change which is considered a current priority).

As outlined earlier, existing managers outside of these frameworks are actively encouraged to sign up, where appropriate, by the Fund. New investments will not be made into managers who are not signatories to the UNPRI, GRESB, TCFD and UK Stewardship Code (where appropriate). In addition, there is an expectation for managers to sign up and actively engage on other initiatives (for example Net Zero Asset Manager Initiative, TNFD, Climate 100+, etc). The Fund make this clear to the Fund's investment managers from the outset, as part of the procurement process.

As part of the ESG impact assessment, one of the five criteria in which investment managers are assessed is collaboration and as a result, the Fund, through its investment consultant, engage with its investment managers on their collaboration activity with the wider industry, to drive improvements across the board.

Outcomes

Engagement and collaboration has to date been focused directly on investment managers of the underlying portfolio to drive improvement in the assets the Fund holds (further detail is given Impact Assessments and Implementation Statement in the Appendix). The majority of the Fund's managers are now signatories to the above, as well as a number of other relevant ESG bodies, depending on asset class.

An outcome of joining LAPFF is that voting recommendations are received directly from the LAPFF research team which are now passed onto fund managers for consideration, resulting in more directed and focussed engagement activity at the underlying holdings level.

Examples of collaborative engagement by the investment managers are provided in the Impact Assessment in the Appendix).

11 ESCALATION

Signatories, where necessary, escalate stewardship activities to influence issuers

The Fund recognises that its size and scale means that it has limited ability to materially and beneficially influence the overarching policies of its Investment Managers. Instead, the Fund seeks to ensure that its expectations regarding stewardship activities, including escalation, are met through selecting and appointing ‘best in class’ managers and monitoring them on an ongoing basis.

Investment managers guidelines for such activities are expected to be disclosed in their own statement of adherence to the UK Stewardship Code and the Fund expects this to be in line with the its own objectives and beliefs, stated within the Responsible Investment Policy. On occasions, the Fund may participate in the escalation of specific issues, done principally through investment managers engagements, with the parties of concern and/or in relation to investments in certain sectors (for example, tobacco and fossil fuels).

Examples of escalation undertaken by Baillie Gifford, Global Alpha Paris Aligned Fund on behalf of the Funds are shown below. These are highlighted and discussed at the Performance and Investment Sub-Committee.

CRH - Objective: Encourage more detailed disclosure on consideration of climate related issues by the board and auditors	
Discussion	<p>We took part in collaborative engagement coordinated through Climate Action 100+, an investor-led initiative to ensure the world’s largest corporate greenhouse gas emitters take action on climate change. We spoke with the board chair, and the chair of the audit committee.</p> <p>CRH has strengthened its decarbonisation targets, demonstrating leadership within the construction materials industry that we believe is potentially advantageous but has cost implications. The company commits to being net zero by 2050 and recently outlined new goals, which target an absolute reduction in scope 1 and 2 emissions* of 30 per cent by 2030 versus 2021 levels. These new targets have been validated by the Science Based Targets initiative to be in line with a 1.5-degree pathway.</p> <p>The focus of our discussion was to encourage more specificity in the financial accounts and to discuss the potential impacts on CRH’s business of meeting these long-term objectives. We also asked how the board examines climate risks and how it determines materiality in terms of the company’s accounts. We explained that given the carbon-intensive nature of CRH’s business, alongside its potential exposure to physical change, it would be helpful for investors to have insight into how the company was thinking about the value of the business and assets under various climate change scenarios. We stressed that more comprehensive disclosure in its annual accounts and auditors’ report are important for shareholders to make informed investment decisions.</p>
Outcome	The CRH 2022 annual report, published at the start of March 2023, demonstrates a significant improvement in the disclosure of how, when and by whom climate-related issues are considered in strategy discussions and against existing financial assessments. CRH

	has also now quantified the incremental spend required to meet its 2030 decarbonisation goals. We consider CRH a leader in terms of its engagement with decarbonisation and the recycling of building materials. We look forward to further discussions on quantitative transparency in 2023 – particularly concerning scenarios for different plausible climate outcomes.
Sea Ltd - Objective: research identified the board as an area for improvement and encouraged adding directors with requisite skills and independence	
Discussion	We spoke directly with the company’s founder, chief executive and chair, Forrest Li. We discussed how he sees the board’s role and how it can support Sea Ltd’s long-term strategy. In the past year, the board has shrunk from six to five directors, of which only two are non-executives. We outlined our belief that the board lacks independence and that the non-executive cohort does not have sufficient expertise in Sea Ltd’s core business segments. We believe this is important, as it could limit the board’s ability to oversee management and provide constructive input to strategic decisions. Mr Li acknowledged that the board is too small and explained that his ideal size would be nine directors, split between four from management and five non-executives. He confirmed that recruitment is ongoing, and the company hopes to add independent directors with domain expertise soon. Desired candidate criteria include research and technology expertise, understanding macro developments and value creation from operational excellence.
Outcome	As outlined in our stewardship principles, we believe a constructive and purposeful board is fundamental to long-term value creation. The board simultaneously supports management’s implementation of the business strategy and protects the interests of the company’s stakeholders. Accordingly, we were pleased to learn that steps are being taken to ensure Sea Ltd’s board has the relevant skills, experience and independence to fulfil these responsibilities. We will monitor the appointment of new directors and look forward to further opportunities to engage with the company.
Cloudflare – Objective: explore how business culture and practices support the long-term investment case	
Discussion	Ahead of the 2022 AGM, we were consulted by the compensation committee, which planned to award stock options equivalent to 2 per cent of the business to co-founders Matthew Prince and Michelle Zatlyn. The options would vest over the next 10 years if Cloudflare’s market cap increased 14 times. In return, Prince and Zatlyn would receive \$3.3bn each. After listening to committee’s proposals, we had several concerns. First, we were consulted only a matter of weeks before the AGM, so we had no real opportunity to influence the size or terms of the award. Second, the vesting conditions were focused solely on market cap targets. As a bottom-up investor, the lack of operational goals was a key issue for us, as we believe strong fundamentals drive long-term value creation. And finally, we didn’t think the awards were necessary. At the time of the AGM, the co-founders owned 12 per cent of the business. Therefore, by hitting the committee’s market cap targets, they would make over \$30bn over the next ten years. An extra \$4bn not only seemed unnecessary but greedy.

Outcome	We explained our intention to oppose the grant based on these concerns. The resolution to approve the award required support from a majority of shareholders. Our decision to oppose proved to be the decisive swing vote, and the committee withdrew the resolution ahead of the AGM and forfeited the awards. This is a good outcome, and we continue to engage with the company as long-term constructive shareholders.
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The LAPFF also issues voting alerts to members, especially where serious ESG concerns have been identified, or if attempts to engage with the company have been unsuccessful. LAPFF outlines the rationale behind the vote via press release or in LAPFF’s quarterly engagement report. LAPFF believes in engaging constructively with members’ investee companies and explaining the escalation in activity is seen as additional engagement with the company, extending the opportunity for dialogue and debate on material responsible investment concerns.

LAPFF engagements and voting alerts are disclosed in their quarterly engagement reports and annual reports are publicly available.

The Fund has had only one example of a direct escalation with one of its investment managers, related to governance of the Fund’s assets. Further detail of this is outlined in the case study below. Apart from this specific instance, there is constant engagement and collaboration with investment managers and other service providers, to drive broader improvements on an ongoing basis. The Fund has seen positive outcomes as a result, with limited need for further escalation (out-with the example provided), as investment managers and other service providers have been receptive to these engagements. The Pension Investment & Performance Sub-Committee will continue to review and monitor ESG scores annually, engage actively with managers and only recommend divestment pragmatically, should improvements not be forthcoming over a sustained period. The Committee will seek to formalise this process as future ESG scores can be monitored.

Case Study: Escalation & Outcomes - Signature Bank investment with equity manager

As part of the Committee’s review of the Fund’s exposure to the banks directly affected by the US banking crisis in March 2023, it was identified that one of the Fund’s equity managers had made an investment into Signature Bank in the month prior to its failure. This investment had subsequently had its value written to zero following the firm being taken into receivership. The timing of the investment immediately proceeding the bank’s subsequent failure raised significant concerns for the Committee on the robustness of the managers due diligence process and their ability to be a steward of the Fund’s assets going forward.

The Committee asked Isio to liaise with the manager, and investigate the due diligence carried out, both in terms of process and risk management, prior to investing in Signature Bank. Isio provided a detailed summary of their findings to the Committee and hosted an in-person meeting between the Committee and the manager in June 2023, to allow the Committee the opportunity to directly raise questions to the manager and outline their concerns relating to the investment. The manager acknowledged the concerns raised, and provided detailed rationale of their investment thesis, and outlined their due diligence process.

As part of follow-up discussions between the Committee and Isio, the Committee accepted the rationale put forward by the manager and agreed to retain them within the strategy. The Committee gained sufficient comfort that an investment of this nature, although

disappointing, did not fall materially outside of the manager's investment remit and the manager admitted that there were errors made throughout the process. However, they requested additional monitoring of the manager's performance in the short-to-medium term.

12. EXERCISING RIGHTS AND RESPONSIBILITIES

Signatories' actively exercise their rights and responsibilities.

Voting

The Fund believes exercising shareholder rights and responsibilities is fundamental to improving investment outcomes. As an asset owner, the Fund must make best use of these rights in order to manage a sustainable and solvent Local Government pension fund on behalf of current and future members.

The Fund takes its responsibilities as a shareholder seriously. It seeks to adhere to the UK Stewardship Code 2020 and expects appointed investment managers to be signatories to the Code and have publicly disclosed their policy on how they will implement their stewardship responsibilities. The Fund believes that stewardship is part of the responsibilities of share ownership, and therefore an integral part of the investment strategy.

In practice, the Fund's policy is to apply the Code through its arrangements with its investment managers. Investment managers play a key role in driving forward the global ESG agenda, and have the resources at their disposal to raise issues of concern with portfolio companies. Most investment managers combine these meetings with their investment due diligence as part of a holistic approach to management of funds entrusted into their care. Whilst all voting decisions are delegated, managers are expected to adhere to their ESG and climate policies, as well as any expectations set by the Fund in relation to ESG or climate. The Fund's investment managers are required to report quarterly on their voting actions for every appropriate investment. Any responses received from companies concerned should also be reported. Both require to be held and made available to the Fund for a full voting audit trail.

The process described above ensures invested companies are aware of the opinion of their shareholders, such as the Fund, regarding their stewardship approach and consider these opinions in their decision-making processes. Failure to heed such opinion has often been followed by the fund manager raising the issues at company AGMs and subsequently employing their vote at such meetings to reinforce their position or sometimes in extreme cases, divest from such companies.

Details of the rights and responsibilities in relation to the Fund's voting and engagement activities is detailed in the Responsible Investment Policy and specific details of voting and engagement activity over the Fund's accounting year is detailed in the implementation statement ([see Appendix](#)).

Responsibility for the exercising of voting rights and day-to-day ESG integration of investments is delegated to the Fund's appointed investment managers who are expected to have closer knowledge of companies under investment and board activity. This includes consideration of company explanations of compliance with the Corporate Governance Code. Regular reports are received from the investment managers on how votes have been cast, and controversial issues can be discussed at panel meetings. The Fund also reports annually on stewardship activity through a specific section on "Responsible Investing" in its annual report. Via this annual stewardship reporting, the Committee expect managers to provide an indication on shares invested on the Fund's behalf and exercise any voting rights they have, wherever feasible.

Equity and Multi-Asset

Include details of high-level voting activity following finalisation of implementation statement

Further information in relation to voting on equity and multi-asset funds can be found in the Appendix, including a summary on how resolutions were voted over the period, significant examples and information on voting policies.

Fixed Income

For fixed income assets, the Committee, with the support of their advisors, review the fund prospectus and conduct appropriate due diligence before appointing an investment manager. The Committee delegates the stewardship responsibility to the investment managers and expects prudent measures to be taken in relation to terms and conditions within contracts, deeds, and impairment rights. Having said that, there is consideration of the terms and conditions in fund indentures and contracts as part of the investment criteria of fixed income manager selections.

The Committee recognise this is an evolving market, particularly in relation to fixed income, and expect managers to continue to progress and evolve within the space e.g. greater adoption of ESG ratchets. Further, the Committee expect managers to engage with credit issuers to drive improvements in relation to ESG risks. The Committee reviews information on engagements from the investment managers on a regular basis and uses this to engage with them on key ESG issues.

Real Assets

For real assets, the Committee, with the support of their advisors, review the fund prospectus and conduct appropriate due diligence before appointing an investment manager. The Committee delegates the stewardship responsibility to the investment managers and expects prudent measures to be taken in relation to terms and conditions within contracts.

Similar to credit, the Committee recognise this is an evolving market, and expect managers to continue to progress and evolve within this space. Further, the Committee expect managers to engage with the management team of portfolio assets to drive improvements in relation to ESG risks. The Committee reviews information on engagements from the investment managers on a regular basis and uses this to engage with them on key ESG issues.

Segregated Funds

The Fund receive quarterly voting information for all its segregated investments along with annual reports of the Stewardship activities and TCFD Climate report. The Fund's segregated investments are all held with Baillie Gifford who have fully integrated ESG and stewardship into its investment ethos. Baillie Gifford provide regular reports on the voting undertaken on behalf of the Fund and these are discussed at the Pension Fund Investment and Sub Committee.

The Fund's holdings in listed equities are managed as follows

- Actively managed equities – by Baillie Gifford in two segregated funds and Morgan Stanley in a pooled fund.
- Passively managed equities – LGIM from January 2022.

The Fund has an active stock lending programme for its segregated funds. Where stock lending is permissible, lenders of stock do not generally retain any voting rights on lent stock.

The Fund's procedures enable stock to be recalled prior to a shareholder vote. Stock is recalled ahead of meetings, and lending can also be restricted including and not limited to, if

the resolution is contentious, the holding is of a size which could potentially influence the voting outcome or the Fund manager has co-filed a shareholder resolution.

Voting Activity

Voting activity, including outcomes, from the Fund's equity managers (Baillie Gifford, LGIM, Morgan Stanley) and multi-asset manager (LGT), and which are aligned with the Fund's key priorities and objectives are shown below, with more detail shown in the Appendix.

Voting activity from implementation statement to be included here once finalised

13. Future Actions & Improvements

Stewardship Code	Activity for Further Improvement
<p>Purpose & Governance (Principles 1-5)</p>	<p>1.1 Review and implement the requirements of TPR’s ‘Single Code’, once published and implications assessed</p> <p>1.2 Review and implement the requirements of FRC’s Stewardship Code’ feedback once implications have been assessed.</p> <p>1.3 Continually review and update Responsible Investment Policy, through improved monitoring and reporting, to improve outcomes on ESG and climate change considerations.</p> <p>1.4 Refresh and rationalise the Fund’s Risk Register, to provide greater focus on priority risks and areas which the Fund can impact and control. This is a recommendation from an independent governance review of the Fund, undertaken in November 2022. Action on this has already commenced.</p> <p>1.5 Extend remit of the Fund’s Internal Audit process, to include ESG considerations, agreed by the Pension Committee in March 2023, to commence for the 2023/24 Internal Audit</p> <p>1.6 Produce an action plan, for Pension Committee approval, outlining how other recommendations from the independent governance review, mentioned above, can be assessed, prioritised and progressed.</p> <p>1.7 Review training and development provisions in the Training Policy to ensure these meet the induction and ongoing needs of Committee and Board members and Council LGPS Officials. Undertake a training needs analysis to identify specific and generic training needs and devise a practical approach for evaluation of its effectiveness and value for members, staff and the Fund</p>
<p>Investment Approach (Principles 6-8)</p>	<p>2.1 Monitor and assess the effectiveness of the Fund’s Communication Policy and how it’s implemented in terms of serving the best interests of Fund beneficiaries:</p> <ul style="list-style-type: none"> • Improve communications with members and signposting to the Fund website and other sources of information (Committee & Board minutes, Annual Report, Stewardship Code report, Strategic Investment Policy/Responsible Investment Policy etc. to increase awareness of Fund’s commitment to responsible investing and stewardship • Elicit member feedback on services provided, effectiveness of communications and areas of interest.

	<p>Assess most effective channels of communication (level of reach, engagement and response, interest areas etc).</p> <p>2.2 Engage more proactively with employers on the activities of the Fund and its investment strategy, performance and stewardship approach and elicit feedback on perceived value/interest areas.</p> <p>2.3 Promote the Fund’s ESG activities, raising awareness by giving greater prominence to the Fund’s website and content</p> <p>2.4 Continue to develop ESG objectives and metrics, in line with the TCFD project plan</p> <p>2.5 Improve information consistency, sufficiency, and quality, from investment managers, to enable more robust monitoring of outcomes for the Fund’s ESG objectives. The Fund is also working with investment consultant, Isio, to identify information gaps, enabling detailed discussions with every investment manager on how these gaps can be addressed.</p> <p>2.6 Expand the data collected from every investment manager during the Fund’s annual due diligence return process. This will help determine how effectively managers are incorporating ESG factors into their decision making, for new investments and ongoing monitoring for existing ones.</p>
<p>Engagement (Principles 9-11)</p>	<p>3.1 The Fund will continue to review opportunities for more direct engagement and collaboration, working with LAPFF and similar organisations, to increase influence, whilst continuing to improve monitoring and review for engagement and collaboration activities undertaken by its investment managers (as described in Principle 8 (Monitoring Managers & Service Providers) and in data quality.</p> <p>3.2 The Pension Investment & Performance Sub-Committee will continue to review and monitor ESG scores annually, engage actively with managers and only recommend divestment pragmatically, should improvements not be forthcoming over a sustained period. The Committee will seek to formalise this process in an Escalation Policy</p>
<p>Exercising Rights & Responsibilities (Principles 12)</p>	<p>4.1 The Fund are actively progressing a plan to prepare for early TCFD reporting. Implementation of the TCFD process will help to capture information on voting and voting outcomes and the quality and sufficiency of this data from investment managers will increasingly improve.</p>

APPENDIX 1: Implementation Statement Evidence (to be added prior to submission to FRC)

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INFORMATION UPDATE

Briefing Paper by Director of Finance and Procurement

**JOINT MEETING OF PENSION FUND COMMITTEE AND
PENSION FUND BOARD**

22 September 2023

1 PURPOSE AND SUMMARY

- 1.1 **This briefing paper is to provide members of the Committee and the Board with an update on a number of areas which are being monitored and areas where work is progressing. Full reports on the individual areas will be tabled as decisions and actions are required.**

2 ANNUAL BENEFIT STATEMENTS

- 2.1 The Annual Benefit Statements for the year ended 31st March 2023 have been produced and are now available for all active and deferred members within the Members Self Service portal. For Scottish Borders Council members announcements were made on the Intranet/Yammer and all outside bodies were asked to share a similar news story with their members, details were also published on the Fund website.

3 TRIENNIAL VALUATION

- 3.1 Fund Officers continue to work with the fund actuary, Hymans Robertson. Next steps are the contribution rate modelling for employers. Followed by a review of the Funding Strategy Statement.

A draft Funding Strategy Statement will be presented at the next Pension Fund Committee and Pension Fund Board joint meeting for consideration prior to issuing to all fund employers. Along with a summary of results for all employers.

4 ACTION PLAN

- 4.1 The development of an action plan, outlining how feedback from the Single Code Governance report and outstanding/new actions for improving and maintaining UK Stewardship Code compliance can be taken forward, was agreed at the 22 June 2023 Joint Pension Committee and Board meeting. Arrangements to resource this work were quickly put in place, but were diverted, to prioritise the work required for the next Stewardship Code submission, due on 31 October 2023. Due to changing expectations from the Financial Reporting

Council, this involved more work than anticipated. Once the Stewardship Code draft report has been signed off by the Committee and finalised, work will recommence on producing the action plan. It is anticipated that this will be completed ahead of the December Joint Committee and Board meeting.

5 TASKFORCE ON CLIMATE RELATED FINANCIAL DISCLOSURES (TCFD)

- 5.1 Timing of required compliance with TCFD regulations are not yet confirmed for the LGPS. The consultation for England & Wales closed on 24 November last year but there has been a delay in analysing the responses. Given this delay it is unclear on when first reporting will be required. As there is currently no requirement for the Fund to submit a TCFD report, it is proposed that the Fund delay publishing its first TCFD report until next year. Delaying the publishing of the report would allow the Fund to focus on its other, time-sensitive workstreams. In the interim, the Fund has signed up as a supporter of the TCFD framework to demonstrate its commitment to building a more resilient financial system through climate-related disclosures.

6 TRAINING OPPORTUNITIES

- 6.1 LGC are hosting a seminar on 19th & 20th October at the Kimpton in Edinburgh. The agenda has been circulated and 4 members have noted an interest.
- 6.2 PLSA Annual conference on 17th to 19th October in Manchester. Information on this has been circulated to members.
- 6.3 Officers continue to monitor other training opportunities and these will be shared with the Committee and Boards as they become available.

7 FUTURE MEETINGS

- 7.1 The dates of future meetings are given below for information.

Joint Pension Fund Committee and Pension Fund Board

- Tuesday 12 December 2023

Pension Fund Investment Performance Sub Committee

- Monday 30 October 2023

Author(s)

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