
FINAL ANNUAL REPORT AND ACCOUNTS 2021/22

Report by Acting Chief Financial Officer

JOINT MEETING OF PENSION FUND COMMITTEE AND PENSION FUND BOARD

19 October 2022

1 PURPOSE AND SUMMARY

- 1.1 This report provided the Joint Pension Fund Committee and Pension Fund Board with an opportunity to scrutinize the final Annual Report and Accounts for the Pension Fund for 2021/22 prior to their submission to the Audit Committee and then Scottish Borders Council for signature.**
- 1.2 The Local Government Pension Scheme Amendment (Scotland) Regulations 2010 specify the elements which must be contained in the Annual Report and Accounts, the list of these are contained in para 4.1. The final Annual Report and Accounts contained in Appendix 1 fully meets these requirements.
- 1.3 Audit Scotland has completed their audit and have provided an unqualified independent audit opinion.
- 1.4 The Scottish Borders Council's Pension Fund Annual Audit Report highlighted four new recommendations and followed up five recommendations from previous audits. Actions plans have been agreed for each of the recommendations.
- 1.5 This report has been presented to members of both the Pension Fund Committee and the Pension Fund Board for them to recommend the final Annual Report and Accounts for 2021/22 (the Annual Report) for approval prior to submission to Scottish Borders Council for signature.

2 RECOMMENDATIONS

- 2.1 It is recommended that the Pension Fund Committee agree to approve the Annual Report and Accounts for 2021/22 for Officer signature and Council approval.**

3 BACKGROUND

3.1 The Local Government Pension Scheme Amendment (Scotland) Regulations 2010 specifies that the Annual report must contain:

- a) report on the management and financial performance during the year,
- b) statement on the investment policy for the Fund,
- c) pensions administration arrangements during the year,
- d) actuarial valuation statement,
- e) governance compliance statement,
- f) fund account and net asset statement,
- g) annual report on pension administration strategy, and
- h) details of where to access current Funding Strategy Statement and Statement of Investment Principles.

4 ANNUAL REPORT AND ACCOUNTS 2021/22

4.1 The final Annual Report and Accounts for 2021/22 (the Annual Report) is attached at Appendix 1. The Annual Report will also be presented to Audit and Scrutiny Committee on the 14 November 2022 for noting.

4.2 The draft Annual Report was made available for public inspection for a 3-week period commencing 1 July 2022 and has been subject to a full external audit by Audit Scotland.

4.3 Audit Scotland has completed their audit and have provided an unqualified independent audit opinion.

4.4 The Scottish Borders Council's Pension Fund Annual Audit Report highlighted four new recommendations and followed up five recommendations from previous audits. The areas in question are shown in Appendix 1 "Action Plan 2021/22" of the External Auditor's Annual Pension Fund Audit Report. The areas identified are:

2021/22 Recommendations:

- Whilst a scheme of delegation is in place for the council there is a need to consider an appropriate scheme of delegation for decisions that impact on the pension fund. This should include guidance on what circumstances would give rise to not seek recovery of overpayment, and what entity should bear the cost of that overpayment.
- As part of the accounts preparation process, management should ensure that investment managers provide information to the fund on a timely basis.
- Management should work with the Pension Board and Pension Committee to ensure members are aware of their attendance requirements.
- Management should ensure that governance questionnaires and supporting information received by each fund manager are reviewed to ensure they are aware of any issues arising which could impact the investments they hold.

Previous audit Recommendations followed up:

- For unusual or exceptional pension benefits, management should ensure that there are additional quality assurance arrangements in place for the review of calculations.
- Management should review administrative procedures in place and update these to reflect the move to home working. Management should also ensure that officers are familiar with their responsibilities for the completion of supporting paperwork to evidence processes have been completed and reviewed in a timely manner.
- ATMOS reports should be reviewed, and any matches investigated in a timely manner to prevent any overpayments to deceased pensioners.
- The existing overseas pensioners process in place should be reviewed to ensure it is still appropriate. The process should be actioned on a frequent basis to ensure existence of overseas pensioners.
- The pensions paid figure should be reconciled month on month and variances to the ledger investigated. Management should perform monthly reconciliations between the pensions paid figure and the ledger.

These recommendations have been accepted by Management and will be enacted within the agreed timescales.

5 IMPLICATIONS

5.1 Financial

There are no financial implications relating to this proposal.

5.2 Risk and Mitigations

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

5.3 Integrated Impact Assessment

There is no impact or relevance to Equality Duty or the Fairer Scotland Duty for this report. This is routine good governance required under the Local Government Pension Scheme (Governance) (Scotland) Regulations 2014. Nevertheless, a light touch assessment has been conducted and this will be published on SBC's Equality and Diversity Pages of the website demonstrates that equality, diversity and socio-economic factors have duly been considered when preparing this report.

5.4 Sustainable Development Goals

There are no direct economic, social or environmental issues with this reports which would affect the Council's sustainability.

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 contents of 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 to the Scheme of Administration or Delegation are required as a result of this report.

6 CONSULTATION

6.1 The Monitoring Officer/Chief Legal Officer, the Chief Officer Audit and Risk, the Director (People Performance & Change), the Clerk to the Council and Corporate Communications are being consulted and any comments will be reported at the meeting.

Approved by

Name Suzy Douglas
Title Acting Chief Financial Officer

Author(s)

Name	Designation and Contact Number
Suzy Douglas	Financial Services Manager

Background Papers:

Previous Minute Reference: Joint Pension Fund Committee and Pension Fund Board, 29 June 2022

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

Contact us at Pension & Investments Team, Council Headquarters, Newtown St Boswells, Melrose, TD6 PSA
Tel: 01835 825249
email: t&cteam@scotborders .gov.uk