
INFORMATION UPDATE

Briefing Paper by Acting Chief Financial Officer

JOINT MEETING OF PENSION FUND COMMITTEE AND PENSION FUND BOARD

9 March 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 SCOTLAND 2020 SECTION 13

- 2.1 As part of the Public Service Pensions Act 2013 a requirement was placed on Scottish Ministers to carry out an independent review of every LGPS local valuation to ensure it complies with four criteria:
- **Compliance** with the Regulations
 - A valuation that is not **inconsistent** with others
 - A funding plan that ensures **solvency** of the fund
 - A **long-term cost efficient** funding plan
- 2.2 The Government Actuary's Department (GAD) have been working on the review of the 2020 local actuarial valuations and have recently shared their draft outcomes with Hymans Robertson, the Fund Actuary. One of the outputs they have shared is a summary of the information they have used for the report and their solvency and long-term cost efficiency analysis for each fund (the compliance and consistency check is carried out at advisor level instead of fund-level). The attached report (refer to 230309-PFC-Information Update-Appendix 1) details the GAD information and analysis (which is formed of various metrics). Whilst there is a significant amount of detail behind each metric, the key point is that the Scottish Borders Pension Fund has received no amber or red flags (i.e., they have raised no concerns to GAD). We expect that this information will be contained in GAD's final report.

- 2.3 Note that GAD have asked Hymans Robertson to communicate the following alongside the analysis: *"Please note a green or white flag does not necessarily indicate that no risk is present and similarly the fact that we are not specifically suggesting remedial action does not mean that scheme managers should not consider actions."*
- 2.4 In terms of next steps, Hymans Robertson do not know when GAD will be publishing their final report.
- 2.5 Hymans Robertson will continue to engage with GAD for this exercise on the Fund's behalf and will keep us up to date with any emerging relevant information.

3 ACTUARIAL VALUATION AS AT 31 MARCH 2023

- 3.1 The Committee should note that the next actuarial valuation of the Fund will be carried out as at 31 March 2023 by Hymans Robertson. Attached (refer to 230309-PFC-Information Update-Appendix 2) is a high-level timetable which also shows when decisions will be required.

4 STEWARDSHIP CODE

- 4.1 As the Committee are aware, the Council submitted an application to be a signatory of the Stewardship code to the UK Financial Reporting Council (FRC) on the 31st October 2022. We are delighted to confirm that we were notified on the 10th February 2023 of the successful outcome of the Council's application to be signatories of the Stewardship code. We believe this accreditation puts the Fund in a very select group of LGPS funds who have already achieved this accreditation.
- 4.2 In confirming the successful application, the FRC also highlighted some areas for further improvements and confirmed we will need to take forward a number of future actions to sustain the accreditation.
- 4.3 A further report will be brought back to the next Committee meeting, which will include an action plan for delivery of the required improvements.

5 REVIEW OF GOVERNANCE REPORT BY CLARE SCOTT

- 5.1 As the Committee are aware, Clare Scott presented her report at the meeting on the 13th December 2022. The report contained some key recommendations which the Council has reviewed, and a number of matters are in progress such as:
- the review of the Risk Register
 - internal audit review of the management of investments
 - the training programme.

However, as advised in the December 2022 Committee meeting, a more detailed action plan would be worked on, and this will be brought back to the Committee at the next meeting.

6 SCHEME ADVISORY BOARD

6.1 Scheme Advisory Board Bulletin-meeting took place on 8th February 2023. No bulletin received to date.

7 TRAINING OPPORTUNITIES

7.1 Annual knowledge skills assessments will be sent to Committee members to establish further training requirements for a programme throughout 2023/2024.

7.2 Isio has very helpfully offered to provide training for Committee members and internal colleagues on Investments, Funding and Administration.

8 FUTURE MEETINGS

8.1 The dates of future meetings are given below for information.

Joint Pension Fund Committee and Pension Fund Board

- Thursday 22nd June 2023

Pension Fund Investment and Performance Sub-Committee

- Monday 26th June 2023

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