
FINAL ANNUAL REPORT AND ACCOUNTS 2022/23

Report by Director of Finance & Procurement

JOINT MEETING OF PENSION FUND COMMITTEE AND PENSION FUND BOARD

22 September 2023

1 PURPOSE AND SUMMARY

- 1.1 This report provided the Joint Pension Fund Committee and Pension Fund Board with an opportunity to scrutinise the final Annual Report and Accounts for the Pension Fund for 2022/23 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 one 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 2022/23 (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 2022/23 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 2022/23

- 4.1 The final Annual Report and Accounts for 2022/23 (the Annual Report) is attached at Appendix 1. The Annual Report will also be presented to Audit Committee on the 25 September 2023 for noting and will progress on to full Council on the 28th September for approval.
- 4.2 The draft Annual Report was made available for public inspection for a 3-week period commencing 1 July 2023 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 one recommendations from previous audits. The areas in question are shown in Appendix 1 "Action Plan 2022/23" of the External Auditor's Annual Pension Fund Audit Report. The areas identified are:

2022/23 Recommendations:

- Management should review working papers to ensure they are reconciled with the accounts. In addition, a wider reconciliation between the ledger, the custodian and investment/fund managers records held by the Fund should be reconciled.
- Due diligence questionnaires shared with investment managers should be subject to review to ensure that management are aware of any issues arising which could impact the investments held by the Fund.
- All members of the Pension Fund Committee should ensure that the required pension toolkit training and other annual essential training requirements are completed to assist in discharging their fiduciary duties.
- Recommendations/actions from the independent review and from the Stewardship Code application and other Fund business should be consolidated in a tracker, and progress towards meeting them, including expected timescale and action owners, should be reported periodically to the Pension Fund Committee.

Previous audit Recommendation followed up:

- As part of the accounts preparation process, management should ensure that investment managers provide information to the fund on a timely basis.

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.

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 Director of Corporate Governance, the Chief Officer Audit and Risk, the Director of 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: Director of Finance & Procurement

Author(s)

Name	Designation and Contact Number
Suzy Douglas	Director of Finance & Procurement

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. Pension & Investments Team can also give information on other language translations as well as providing additional copies.

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