

Scottish Borders Council
Pension Fund

annual report and accounts

for the year to 31 March 2021



CONTENTS

	Page
Section 1	Introduction
	Chairman's Report 4
	Management Commentary 5
	Key Trends 12
Section 2	Governance
	Scheme Administration 14
	Scheme Governance 14
	Risk Management 16
	Training Policy & Practice Statements 17
	Annual Governance Statement 18
	Annual Governance Compliance Statement 23
Section 3	Financial Statements
	Statement of Responsibilities 29
	Fund Account 31
	Net Assets Statement 32
	Notes to the Accounts 33
Section 4	Administration
	Administration Strategy 63
	Administration Performance 63
	Fund Membership 65
	Communications Policy and Performance 67
Section 5	Funding
	Funding Strategy Statement 70

Scottish Borders Council Pension Fund
Annual Report and Accounts for the year to 31 March 2021

	Actuarial Statement	71
Section 6	Investment	
	Statement of Investment Principles	74
	Investment Strategy	75
	Investment Performance	79
	Responsible Investment	81
Section 7	Independent Auditor's Report	84
Contacts		89

SECTION 1

INTRODUCTION

CHAIRMAN'S REPORT

Introduction

Welcome to the Annual Report and Accounts for the Scottish Borders Council Pension Fund for the



year ended 31 March 2021. This Annual Report has been produced to provide Elected Members, Scheme Members and Employers and other

interested parties with information concerning the administration and performance of the Fund in financial year 2020/21.

Highlights of the Year

Pension Fund Committee/Pension Board

During this unprecedented year of Covid-19 restrictions the Pension Fund Committee has managed to continue with its work taking forward key developments of work and maintaining business continuity enabled by online technology.

The Joint meetings of the Committee and Board moved to virtual meetings during 2020/21 ensuring all necessary governance and decision making continued. All Members fully engaged successfully with new ways of working online, including fully meeting their individual training requirements.

The Investment and Performance Sub-Committee, met all of the Fund's investment managers during the year, which allowed the committee full scrutiny and oversight of the assets under management. Additional meetings were also held focused on key areas of risk resulting from the pandemic.

Funding

The Fund completed its 2020 Triennial valuation resulting in a funding position of 110%. Following discussion with the Fund Actuary employer contribution levels were maintained at the same level for the next 2 years, despite uncertainties arising from court cases, such as the McCloud judgement and the LGPS cost cap mechanism. The strong performance of the Fund's investments over the last 3 years has resulted in this continued strong funding position.

Investment Assets

The market crash in March 2020 resulting from Covid-19 uncertainty was fully recovered during the

year to 31 March 2021 with the Fund returning a positive 20.1% against the benchmark of 18.3%. Investment values consequently increased by £147.5m during the year, with continued good progress being made with respect to the implementation of the asset strategy.

Statement of Responsible Investment

The Committee believes that a positive approach to Environmental, Social and Governance (ESG) issues can positively affect the investment performance of the Fund. Progress continued to be made during the year with the implementation of the Fund's agreed Responsible Investment Policy. The second annual ESG monitoring report showed that 99.5% of the Funds' assets were managed by United Nations Principles of Responsible Investment (UNPRI) signatories. The Fund continues to work with all its managers to ensure ESG is fully integrated into all their investment decisions.

The Fund transitioned all its investments with Morgan Stanley during the year to its Global Sustain Fund which excludes tobacco, alcohol and stocks in carbon polluting businesses and continued to support the Climate Action 100+ initiative, as a signatory. The initiative is actively working to ensure the Paris Agreement on climate change targets are met.

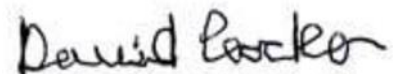
Pensions Administration

Key targets have been met by the Pension Administration team with 100% of annual benefit statements distributed within the required timescales, the Funding Strategy Statement fully updated and an Admission Policy approved with the inclusion of a new cessation policy.

Covid-19 has brought new challenges, which the service has met, with good progress made on the delivery of actions set out in the Pension Fund's business plan. All payments to pensioners continued to be paid on time and queries were responded to in the usual manner.

Acknowledgement

I would like to thank the Members of the Pension Fund Committee, Pension Fund Board, officers of the Council, our investment managers, Isio and the Fund Actuary Hymans Robertson for their hard work during the year and their ongoing commitment to ensuring the Fund's continued success.



Chairman, Pension Fund Committee
Scottish Borders Council

MANAGEMENT COMMENTARY SUMMARY

OVERVIEW OF FUND BUSINESS

Under the statutory provision of the Local Government Pension Scheme Scottish Borders Council is designated as an “Administering Authority” and is required to operate and maintain a pension fund – Scottish Borders Council Pension Fund (“the Fund”).

The Fund is used to pay pensions, lump sum benefits and other entitlements to scheme members and their dependants. Contributions to the Fund are made by employee members and by participating employers. The Fund also receives income from its investments, which includes equities, bonds, property, infrastructure, private credit and diversified alternatives.

The Fund operates under the regulations of the Local Government Pension Scheme, which is a public-sector pension arrangement. Scheme 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.

STRATEGY AND OBJECTIVES

Scottish Borders Council Pension Fund’s primary aim 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”. All the longer term policies, objectives and strategies of the Fund reflect this aim.

The Scottish Borders Council Pension Fund Committee agree all policies and strategies. Scrutiny of these decisions are provided by Scottish Borders Council Pension Fund Board. All key policies and strategies are located on the Fund’s website.

KEY NUMBERS OF THE FUND

- Total membership of 11,664 (11,338 in 2019/20)
- Total pension paid £25.1m (£23.6m 2019/20)
- Total contributions received £20.6m (£19.8m 2019/20)
- Total investments held £859.7m (£712.3m 2019/20)
- Investment performance of 20.1% for 2020/21 (-1.7% 2019/20)

GOVERNANCE

The Pension Fund Committee aims to ensure the Fund is managed effectively, transparently and in compliance with regulations. A review of the governance arrangements and performance is undertaken on an annual basis. The review has confirmed the Fund is fully compliant with the Local Government Pension Scheme (Scotland) Regulations 2014 requirements.

As required within the Local Government Pension Scheme (Government)(Scotland) regulations the Fund has an established Pension Fund Board which meets jointly with the Pension Fund Committee. The Pension Fund Board is responsible for assisting the Fund in securing compliance with the regulations and other legislation relating to the administration and governance of the Fund. The Pension Fund Board has 4 members representing the employers and 4 trade union members representing the employees.

Scottish Borders Council Pension Fund Annual Report and Accounts for the year to 31 March 2021

The Fund, annually, agrees a three year business plan which sets out the action plan to deliver the key work areas identified to ensure objectives continue to be met. The actions are monitored and reported to the Joint Pension Fund Committee and Pension Fund Board. The key actions completed in 2020/21 were:-

- Completion of 2020 triennial valuation and setting of stable contribution rates.
- Full review and update of the Funding Strategy Statement with inclusion of new cessation policy.
- Completion of the agreed training programme for all members of the Pension Fund Committee and Pension Fund Board.
- Completion of a review of the Communication Strategy and continued engagement with employers.
- Completion of a procurement exercise for the appointment of an Investment Advisor resulting in reappointment of Isio.
- Robust monitoring and reporting of investment performance and Responsible Investment Policy completed.
- Full review of the Funds with-holding taxation position completed on all investment assets.
- Good progress was also made for implementation of a new self-service facility for members which will go live in 2021.

Due to resource pressure due to Covid-19 3 actions were rephased to be completed in June 2021. The 3 actions carried forward to the 2021/22 Business plan were Stewardship Code review, employer covenant review and admission agreement review.

The Fund has agreed the following key areas of development and improvement within its 2021/22 Business Plan.

- Review of all forms of communication material.
- Implementation of members self service facility via online portal.
- Employer covenant review.
- Review of employer admission agreements
- Improvement of systems to support home working.
- Review of the Stewardship Code.
- Review of the Funds strategic asset allocation following the 31 March 2020 valuation.
- Review of services provided by IT providers to ensure data is secure and adheres to cyber security requirements.
- Review of Responsible Investment Policy.

RISKS AND UNCERTAINTIES

Awareness and management of risks is a key control of the Funds strategic and operational activities. The Pension Fund is committed to a strong control environment to ensure risks are identified, understood, managed and monitored appropriately.

Scottish Borders Council Pension Fund Annual Report and Accounts for the year to 31 March 2021

A full risk register is maintained by the Fund in line with CIPFA guidance and the Council's approach to risk management. Each risk identified is assessed for likelihood and impact with no controls in place and after controls are applied. Further controls are identified and progress monitored and reported to the Joint Pension Fund Committee and Pension Fund Board on a quarterly basis as part of Risk update reports. The Fund currently has 51 identified risks spread over Assets & investments, Employer, Resource & skill, Liability, Administrative, Regulatory & Compliance and Reputation. There is one risk remaining as a red assessment at 31 March 2021 which is "Legislation and other regulatory framework changes impacting on the Fund". The Fund is managing and monitoring this risk by ensuring it actively participates in all consultations and keeps abreast of all legislative and regulatory changes. Further information on risk management and risks can be found on page 16.

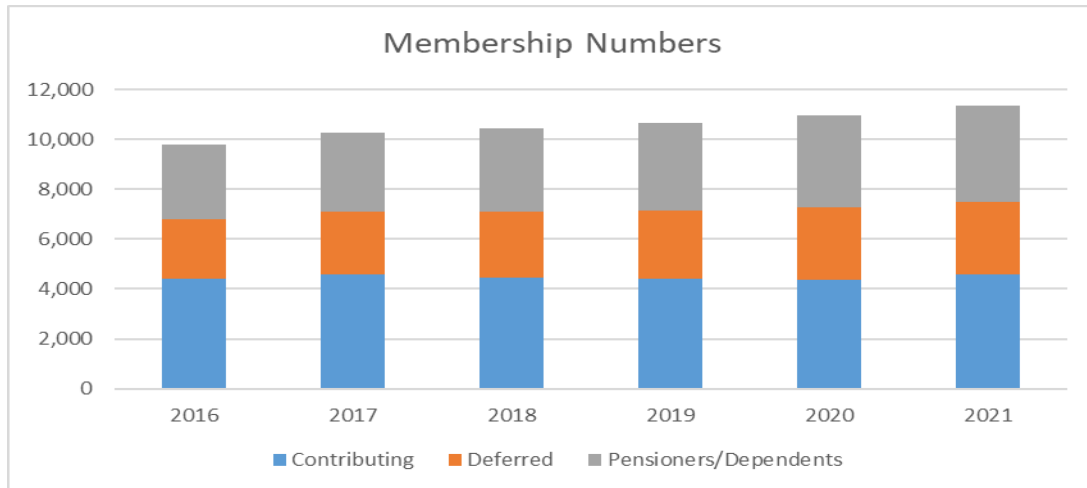
ADMINISTRATION AND MEMBERSHIP

The Pension Administration Strategy sets out the performance standards required by both Scottish Borders Council, as the administering authority and all employers of the Fund. The performance of the Fund against these standards is reported on an annual basis to the Joint Pension Fund Committee and Pension Fund Board. Performance against key performance indicators were very good with all targets being met, all contributions being received on time and no regulatory breaches which required to be reported to the Pension Regulator.

The Fund has paid pensions benefits of £25.1m during the year (£23.6m in 2019/20) and received contributions of £20.6m (£19.8m in 2019/20). The Fund has continued to mature with net withdrawals for dealing with members increasing to £6.6m during 2020/21 compared to £5.3m in 2019/20, the increase in the new withdrawals has been funded by increased income from investment returns. Throughout the Covid-19 crisis, pensions have been paid on time and contributions have been collected in accordance with scheme regulations in all instances. The ability for staff to work from home has allowed the administration function to continue to perform as normal through the adoption of alternative working practices. Further information on the performance of Pension Administration and it's the Pension Administration Strategy can be found in section 4.

The maturing nature of the Fund is reflected in the membership numbers which are shown in the table below. Overall members at 31 March 2021 increased during the year to 11,664 but active contribution members now only represent 40% of the membership compared to 45% at 31 March 2016. The continued decrease in active members has resulted in the Fund looking to investments to provide income to ensure cash is available to pay the pensions as they are due.

Scottish Borders Council Pension Fund Annual Report and Accounts for the year to 31 March 2021



During the year there was one bulk transfer which saw all members for Visit Scotland transferring from the Fund to Lothian Pension Fund. This reduced the membership numbers by seven pensioners, one active members and eight deferred members and the transfer of assets and liabilities valuing £1.8m.

COMMUNICATION

The Fund's Communication Policy seeks to ensure communication in an efficient manner to all stakeholders. Communication is undertaken in a number of ways including the Fund website, annual newsletters and statements, emails, face to face meetings including video calls and telephone.

Due to Covid-19 the annual employer meeting was held virtually with additional information being shared virtually. Information was posted on the website for both members and employers including information on the Shared Costs AVC, pension increases, guidance on how to sign up to online access for payslips and all publications such as the Annual Report. The number of hits recorded on the website spiked during May and June 2020 during the height of the pandemic.

FUNDING

The three yearly Actuarial Valuation for 31 March 2020 was completed recently which resulted in a funding position of 110% (114% at 31 March 2017) for the Fund. The next formal valuation of the Fund will be as at 31 March 2023. Interim monitoring was undertaken between the 2017 valuation and during the completion of the recent valuation. Monitoring of the funding position will continue to be undertaken on a quarterly basis and reported to the Pension Fund Committee.

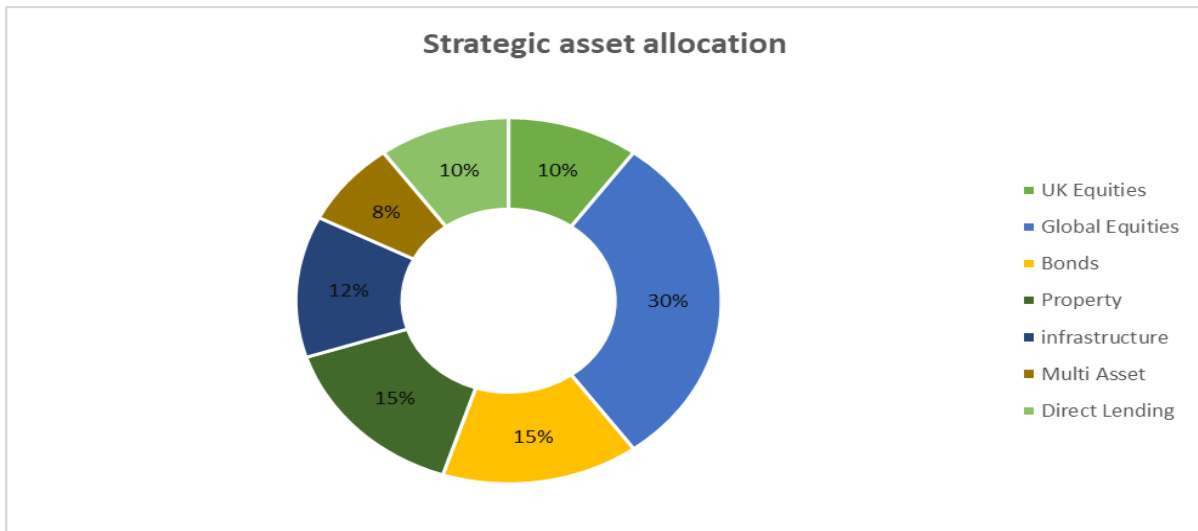
Uncertainties caused by GMP reconciliation, the scheme cost cap mechanism and legal challenges on the grounds of age discrimination, arising from the McCloud judgement may have an impact on the funding position. The 2020 valuation has included allowance for McCloud but not cost cap. The impact of any changes required due to the cost cap mechanism are currently unknown and therefore not able to be valued.

Scottish Borders Council Pension Fund Annual Report and Accounts for the year to 31 March 2021

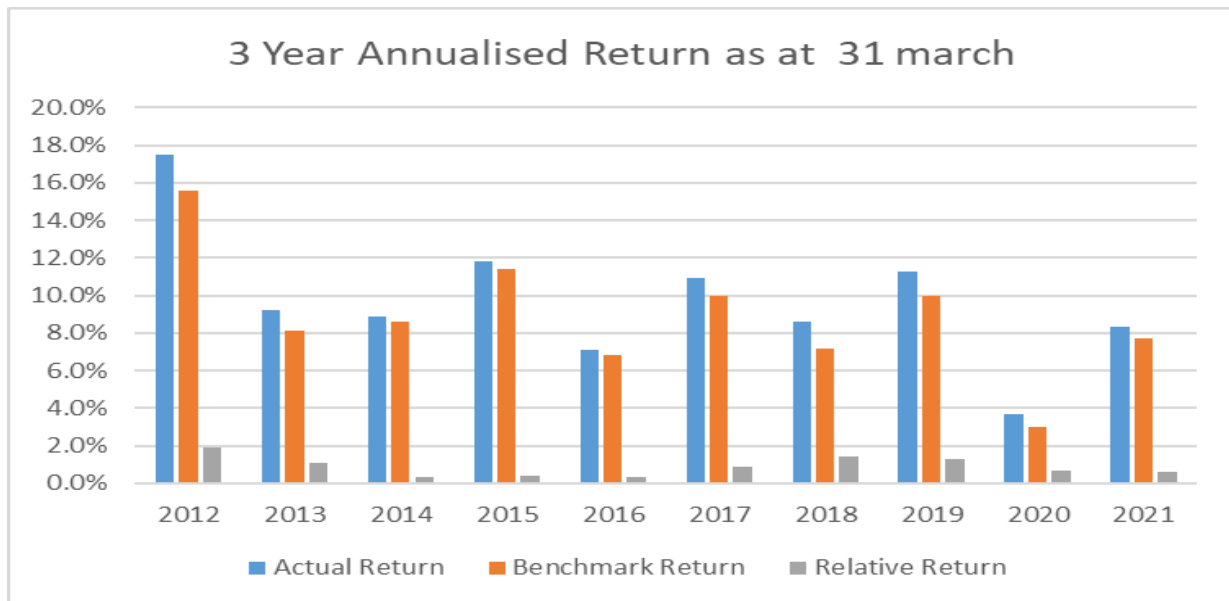
The Funding Strategy Statement approved on 4 March 2021 sets out the approach to funding. Further detail can be found in section 5 of the report and the full version of the Funding Strategy Statement is available via the Scottish Borders Council Pension Fund website.

INVESTMENT RETURNS

The Fund's investment objective is to support the Funding Strategy by adopting an investment strategy and structure, which incorporates an appropriate balance between risk and return. Following the 2017 Triennial Valuation of the Fund approved the asset allocation shown over, which spread investments over a number of key asset markets, thus further spreading the risk and increasing the diversification of the Fund. A further review of the asset allocation is planned in 2021/22 following the 2020 Triennial Valuation.



The Fund's investment returns delivered a very positive return of 20.1% during 2020/21 (-1.7% 2019/20) against a benchmark of 18.3% (-1.9% 2019/20) for the year to 31 March 2021. The first quarter of the year saw investments in many areas start to return to pre Covid-19 levels. Investment returns have continued to improve throughout the year. The largest increase from 31 March 2020 levels was in the equity asset class which increased by £85m. Overall the Fund's assets increased by £147m from 31 March 2020. The 2020/21 performance has fully offset the negative effect on investments values of Covid-19 allowing the Fund to maintain a positive 3 year annualised return once again outperforming the benchmark, as shown in the table below.



Investment markets during 2020/21 have at times been very volatile due the uncertainties around Covid-19 and the final Brexit agreement. Against this background the Fund, as a longer term investor, has retained confidence in the long term strategy set out in the Statement of Investment Principles. Work to fully implement the strategy has continued, with equity exposure decreasing and the funds being investing in longer term illiquid assets such as infrastructure and infrastructure debt. The Fund has increased its infrastructure and infrastructure debt investment over the year by £11m.

The Strategy has resulted in increased levels of investment income which has allowed the Fund to meet the increasing net withdrawal for dealing with payments to members, which increased to £6.6m compared to £5.3m in 2019/20.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE ISSUES

The Fund has an overriding obligation to act in the best interest of the scheme beneficiaries. As part of this role the Fund believes that a positive approach to Environmental, Social and Corporate Governance issues can positively affect the financial performance of investments.

The Fund has, in line with its Statement of Responsible Investment Policy, completed its second annual monitoring report on all the Fund’s managers. 15 out of the 17 managers are signatories of UNPRI with the two remaining managers only representing 0.5% of the Fund’s assets. The Fund has during the year declined investment opportunities offered by managers not signatories of UNPRI.

The Fund has also during 2020/21 transitioned a further £100m from the Morgan Stanley Global Brands Fund to their Global Sustain Fund which excludes tobacco, alcohol and stocks in carbon polluting businesses. The Fund continues to look for further opportunities to enhance its commitment to sustainability and climate change which will form key criterion in future investment and procurement decision making.

CLIMATE ACTION 100+

The Fund, as a signatory continued to support the work undertaken by Climate Action 100+ which is working with Investors and Fund Managers to reduce carbon emission and ensure the Paris Agreement targets are met. The three main aims are:-

Scottish Borders Council Pension Fund Annual Report and Accounts for the year to 31 March 2021

- Holding the increase in the global average temperature to well below 2°C above pre-industrial levels and to pursue efforts to limit the temperature increase to 1.5°C above pre-industrial levels, recognising that this would significantly reduce the risks and impacts of climate change;
- Increasing the ability to adapt to the adverse impacts of climate change and foster climate resilience and low greenhouse gas emissions development in a manner that does not threaten food production; and
- Making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development.

Further information on the Funds' investments can be found in section 6 of this report.

ACKNOWLEDGMENT

The contribution and commitment of all elected members, employer and employee representatives and staff involved in ensuring the continued success of the Scottish Borders Council Pension Fund, particularly during this most challenging of years is gratefully acknowledged.

David Parker
Chair

Pension Fund Committee

Netta Meadows
Chief Executive

Scottish Borders Council

David Robertson CPFA
Director - Finance &
Corporate Governance
Scottish Borders Council

Scottish Borders Council Pension Fund
Annual Report and Accounts for the year to 31 March 2021

KEY TRENDS

Membership	2016/17	2017/18	2018/19	2019/20	2020/21
Active Members	4,466	4,409	4,376	4,573	4,647
Deferred Members	2,652	2,751	2,878	2,909	2,977
Pensioners	3,314	3,507	3,707	3,856	4,040
Total Members	10,432	10,667	10,961	11,338	11,664

Investments	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000
Opening Net Value	541,778	653,207	685,681	731,048	712,319
Movement in year	111,429	32,475	45,367	(18,728)	147,475
Closing Net Value	653,207	685,681	731,048	712,319	859,794
Investment Income	8,292	8,195	13,314	13,938	12,749
Investment Fees	3,051	8,192	5,848	5,296	5,310

	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000
Administrative costs	(263)	(292)	(391)	(363)	(352)
Oversight & Governance costs	(241)	(233)	(289)	(263)	(318)
Pensions Income	19,447	19,610	20,647	21,200	21,727
Pensions Expenditure	(21,676)	(22,189)	(24,257)	(26,555)	(28,296)
Net Pensions Cash flow	(2,229)	(2,579)	(3,610)	(5,355)	(6,569)

SECTION 2

GOVERNANCE

SCHEME ADMINISTRATION

The Scottish Borders Council Pension Fund (the Fund) is Part of the Local Government Pension Scheme (LGPS) and is administered by Scottish Borders Council (the Administering Authority).

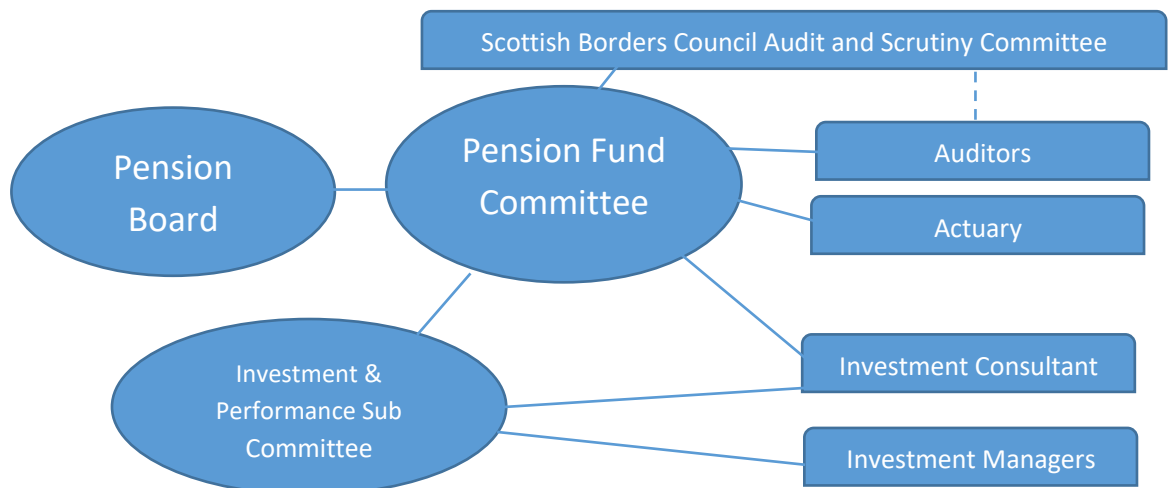
The Fund is administered in accordance with the Public Services Pensions Act 2013 and the Local Government Pension Scheme (Governance)(Scotland) Regulations 2014. The Fund adheres to Scottish Borders Council policies for managing conflicts of interests, codes of conducts and register of interests.

David Robertson, Director - Finance & Corporate Governance, as the Council's Section 95 Officer, is responsible for the financial administration of the Fund.

SCHEME GOVERNANCE

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, is chaired by the Convenor of the Council, and consists of six Scottish Borders Council Councillors.

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.

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

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

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.

Scottish Borders Council Pension Fund Annual Report and Accounts for the year to 31 March 2021

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 and the external audit function is provided by Audit Scotland.

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

PENSION FUND COMMITTEE

The Members of the Pension Fund Committee have a fiduciary responsibility to the Pension Fund members and employers that are similar to those holding office of trustee in the private sector. The Members of the Committee are responsible for the decision making of the Fund and hold meetings four times a year. The Committee is comprised of seven Councillors of Scottish Borders Council. The membership is shown below:-



Councillor David Parker - Chair



Councillor Simon Mountford – Vice Chair



Councillor Jim Brown



Councillor Gordon Edgar



Councillor Carol Hamilton



Councillor Donald Moffat



Councillor Sandy Scott

PENSION FUND BOARD

The Local Government Pension Scheme (Government)(Scotland) regulations require each administering authority to have a Pension Board, responsible for assisting the Fund in securing compliance with the regulations and other legislation relating to the administration and governance of the Fund.

The Pension Board comprises an equal number of employee and employer representatives appointed by scheme employers and relevant trade unions.

Scottish Borders Council Pension Fund Annual Report and Accounts for the year to 31 March 2021

As at 31 March 2021 the Scottish Borders Council Pension Board membership comprised the following:-

Employer Representatives:

- Councillor Sandy Aitchison – Scottish Borders Council
- Hazel Robertson – Borders College
- Linda Ross – LIVE Borders
- Anthony Daye – South of Scotland Enterprise

Employee Representatives:

- David Bell – UNITE
- Malcolm Drysdale - GMB
- Marc Everett - UNISON
- Kay Marie Hughes – UNISON

In accordance with the regulations the Pension Fund Board meets jointly at the same place and time as the Pension Fund Committee to allow consideration of the same agenda, presentations and advice from external advisors. The Chair of the Pension Fund Committee acts as Chair of the joint meeting. The Pension Board meet separately, immediately following the joint meeting.

INVESTMENT & PERFORMANCE SUB-COMMITTEE

The Investment and Performance Sub Committee is responsible for making recommendations to the Pension Fund Committee on all areas of investment management including the Statement of Investment Principles and the management of Investment Managers. The Sub-Committee comprises Pension Fund Committee Members and an employee and employer representative from the Pension Board. The Sub-Committee meets three times a year.

RISK MANAGEMENT

The Fund is committed to a strong control environment to ensure that risks are identified, understood, managed and monitored appropriately.

The Risk Register for the Pension Fund has been developed in line with CIPFA guidance and the Council's approach to risk management and assesses risk using a scoring methodology based on likelihood and impact.

A full risk review was undertaken in June 2020. All identified actions are monitored and reported on a quarterly cycle, with the addition of any new risks that have materialised during the intervening period from the full risk review.

Scottish Borders Council Pension Fund Annual Report and Accounts for the year to 31 March 2021

The headings under which the Council consider risk and the analysis of the level and number of risks are set out below:

Risk Category	Risk Assessment					
	Before Controls			After Controls		
	Red	Amber	Green	Red	Amber	Green
Asset & Investment	5	7	-	-	9	3
Employer	1	6	-	-	2	5
Resource & Skill	-	5	-	-	2	3
Liability	2	5	-	-	2	5
Administrative	-	8	-	-	1	7
Regulatory & Compliance	4	2	-	1	3	2
Reputation	2	4	-	-	2	4
Total Number of Risks	14	37	0	1	21	29

RED -Very High (15-25)

AMBER – High (6-12)

GREEN – Low (1-5)

The one risk remaining as a red assessment, as at 31 March 2021, is “Legislation and other regulatory framework changes impacting on the Fund”. The Fund is managing and monitoring this risk by ensuring it actively participates in all consultations and keeps abreast of all legislative and regulatory changes.

TRAINING POLICY & PRACTICE STATEMENT

The Council recognises the importance of ensuring that all staff and members, charged with the financial administration and decision making of the Scottish Borders Council Pension Fund, are fully equipped with the knowledge and skills to discharge the duties and responsibilities allocated to them. It therefore seeks to utilise individuals who are both capable and experienced. Training for staff and members of the Pension Fund Committee and Pension Board is provided to enable them to acquire and maintain an appropriate level of expertise, knowledge and skill.

The approved Training Policy adopts the key recommendations of the CIPFA Code of Practice on Public Sector Pensions Finance Knowledge and Skills. The Policy also reflects guidance issued by the Scottish Public Pensions Agency and The Pension Regulator concerning skills and knowledge requirements.

The Training Policy applies to members of the Pension Fund Committee and the Pension Board. It requires all members to complete the Pension Regulator Toolkit within six months of joining the Board and to attend at least two training events a year. The Policy also requires an annual training plan to be agreed. The 2020/21 plan was approved on 22 June 2020 and was based on assessment returns completed by all members. The table below shows all members attended two or more events. All members have also completed the Pension Regulator Toolkit.

Scottish Borders Council Pension Fund Annual Report and Accounts for the year to 31 March 2021

Training attendance

No of events	Committee Members		Board Members	
	%	Number	%	Number
5	28.5	2	25.0	2
4	28.5	2	37.5	3
3	28.5	2	25.0	2
2	14.5	1	12.5	1

The training covered the following areas:

- Financial Markets and Investment Products
- Investment Concepts and Terminology
- Environmental, Governance and Social governance
- Fund governance and Stewardship
- Key Pension Administration issues
- Regulatory Environment

All members are also required to attend, as a minimum, two meetings of the joint Pension Fund Committee and Pension Board a year. The table below shows all members met this requirement for 2020/21. Due to a special meeting to approve the Funds response to the Scheme Advisory Board consultation an additional meeting was held.

No of meetings	Committee Members		Board Members	
	%	Number	%	Number
5	57.0	4	37.5	3
4	43.0	3	25.0	2
3	-	-	25.0	2
2	-	-	12.5	1

ANNUAL GOVERNANCE STATEMENT

The Local Government Pension Scheme (Scotland) Regulations 2014 requires Administering Authorities to measure their governance arrangements set out against standards set by Scottish Ministers. These standards are established via a number of best practice principles.

The key document summarising the governance arrangements for the Pension Fund is the Governance Policy and Compliance Statement (as amended on 10 June 2021) which is available on the Council's website: [Governance Policy and Compliance Statement](#)

Governance Framework

The key elements of the Pension Fund's governance arrangements include:

Scottish Borders Council Pension Fund Annual Report and Accounts for the year to 31 March 2021

- a) Scottish Borders Council is the Administering Authority for the Local Government Pension Scheme for the Scottish Borders geographical area. The Council has acknowledged its responsibility for ensuring that there is a sound system of governance (incorporating the systems of internal control) and this is reflected in the Council's governance arrangements.
- b) The Council has delegated its responsibilities as Scheme Manager, to the Pension Fund Committee. The Members of the Committee act as quasi-trustees and oversee the management of the Scottish Borders Council Pension Fund. The overall responsibility of ensuring there is a sound system of governance remains with the Chief Executive.
- c) The Pension Board meets jointly with the Committee, and formalises the involvement of the employers and trade unions representing the membership. All members of the Committee and Board are covered equally by the Training Policy to give them full opportunity to contribute effectively.
- d) The approval of the Pension Fund Business Plan covering the period 2020/21 – 2022/23, to improve planning and monitoring of the performance of the Fund and to demonstrate the “Myners Principle” relating to effective decision making. The Business Plan supports the delivery of the objectives of the Fund which are to deliver a high quality pension service to members that is managed effectively, transparently and is compliant. The Business Plan ensures actions are included to address issues raised in the Annual Governance Statement.
- e) The Pension Fund appoints professional advisers and external service providers, covering investment advisory, custodian and actuarial services.
- f) The system of internal financial control operates within a financial strategy and is based on a framework of delegation and accountability for officers and Councillors embodied in procedural standing orders, financial regulations, Scheme of Delegation and Scheme of Administration. This is supported by a framework of administrative procedures including the segregation of duties, and regular financial management information. In particular, the system includes comprehensive accounting systems that record income and expenditure for both member and investment activities, regular reviews of investment reports that measure investment returns against agreed benchmarks and targets, and independent performance reviews of the Fund by the investment consultant and performance monitoring service provider.
- g) The Pension Fund follows the Council's approach to risk management and assesses risk using a scoring methodology and subjects the Risk Register to regular review.
- h) The Director - Finance & Corporate Governance (Section 95 Officer) for the Council is responsible for ensuring the proper administration of the financial affairs of the Pension Fund. This includes ensuring appropriate professional advice is sought and is given to the Pension Fund on all financial matters, keeping proper financial records and accounts, and maintaining an effective system of internal financial control.
- i) The Director – People, Performance and Change is responsible for the pension benefit policy oversight and day-to-day administration of member benefits in accordance with statutory legislation and the approved Pension Administration Strategy.
- j) The Chief Officer Audit & Risk (Head of Internal Audit) provides an independent and objective annual opinion on the effectiveness of internal control, risk management and governance based on the delivery of an approved plan of systematic and continuous internal audit review in conformance with the Public Sector Internal Audit Standards.

k) The Pension Fund responds to findings and recommendations of external audit and internal audit, as appropriate. The Audit and Scrutiny Committee is integral to overseeing independent and objective assurance and monitoring improvements in internal control and governance.

Review of Framework

The Council as Administering Authority of the Pension Fund, conducts an annual review of the effectiveness of its overall governance framework which is presented to the Audit and Scrutiny Committee whose role includes high level oversight of the Pension Fund's governance, risk management, and internal control arrangements.

The review is informed by the work of an officer assessment of the Fund's compliance with the best practice principles, details of which are set out in the Governance Compliance Statement 2020-21 (page 23 -27).

The review of the effectiveness of the system of internal financial control is informed by the work of professional accountancy staff within the Council, the assurances from the Chief Officer Audit & Risk's annual internal audit report on the work of internal audit, and by the external auditors' reports.

The review cycle for the Risk Register is undertaken in line with agreed practice and the current status is summarised in the Risk Management Statement.

Internal Audit Opinion

The Chief Officer Audit & Risk's opinion is that the systems of internal control operating within the Scottish Borders Council Pension Fund during 2020/21 are adequate, and governance and risk management arrangements are effective

During 2020/21 the Internal Audit work included:

- An appraisal of the operation of corporate governance and risk management arrangements;
- A review of key controls including pension administration and financial management arrangements in place;
- A review of performance against objectives, including relevant performance information.

The Fund has effective governance arrangements in place through the joint meetings of the Pension Fund Committee and the Pension Fund Board that support scrutiny and transparency of decisions made. A Skills and Knowledge self-assessment is carried out annually by Members, a Training Plan is proposed to meet those needs, and Members' participation in training events is monitored to ensure Training policy commitments are met. Risk Management is fully embedded into the culture of the Pension Fund with evidence of risk deliberations in decision-making and regular reviews / updates of the Pension Fund risk register being carried out and reported to the joint meetings of the Committee and Board to demonstrate appropriate scrutiny and oversight of risk management.

Internal Audit work on Business World ERP System Key Controls, the findings from which were reported in Executive Summary format to the Council's Audit and Scrutiny Committee on 10 May 2021, included the testing of Pensioner Payroll payments. Specifically this confirmed that comprehensive assurance can be placed on key controls and processes to ensure that payroll transactions are valid, complete and accurate.

Best practice suggests 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. The

Scottish Borders Council Pension Fund Annual Report and Accounts for the year to 31 March 2021

Business Plan 2020/21 to 2022/23 for the Pension Fund was approved by the Joint Pension Fund Committee and Board on 22 June 2020. It identified an Action Plan which would be delivered during the next three years to support the aims and objectives of the Pension Fund. A Business Plan Performance Update, outlining progress on the Business Plan actions at mid-year, was presented to the Joint Pension Fund Committee and Board meeting on 11 December 2020. Quarterly Performance Updates are presented in private by the Investment Advisor at the joint Committee and Board meetings. Pension Administration Performance is reported annually to the joint Committee and Board for its inclusion in the Fund's Annual Report and Accounts.

The 2020/21 annual internal self-assessment against the Public Sector Internal Audit Standards (PSIAS) demonstrates sufficient evidence that the Council's Internal Audit section conforms with the Definition of Internal Auditing, Code of Ethics, Attribute Standards and Performance Standards.

Improvement Areas of Governance

The Committee agrees a three year business plan on an annual basis to ensure the ongoing management and development of the Fund is in line with the longer term policy, objectives and strategy of the Fund. The plan sets out the key actions and sets timescales of each. The progress of the actions are reported mid-year to the Committee. The actions completed from the 2020/21 business plan are as follows;

- Robust monitoring and reporting of investment performance and Responsible Investment Policy completed.
- Triennial valuation completed and Employer contribution rates set for next three years.
- Full review and approval of Funding Strategy Statement completed with inclusion of cessation policy.
- Review of with-holding taxation position completed on all investment assets.
- Review completed of Pension Administration Strategy, Communication strategy, Governance Policy and Compliance statement.
- Successful completion of procurement exercise for Investment advisor.

The following areas have been identified and included in the 2021/22 action plan submitted to the Joint Pension Fund Committee and Board for approval. These will enhance the existing governance arrangements:

- Review of all forms of communication material.
- Implementation of self service facility.
- Employer covenant review.
- Improvement of systems to support home working.
- Review of Stewardship Code.
- Review of strategic asset allocation following the 31 March 2020 valuation.
- Review of services provided by IT providers to ensure data is secure and adheres to cyber security requirements.
- Review of Responsible Investment Policy.

Impact of COVID-19

At the start of the global Covid-19 pandemic Scottish Borders Council agreed temporary decision making arrangements to minimise social contact during the pandemic. It was agreed all formal Council and Committee meetings be cancelled unless required for statutory reasons and additional powers delegated to the Chief Executive in consultation with Officers and Members. Business continuity plans were implemented with staff mainly working at home with full access to systems and files.

During 2020/21 all meetings were held virtually. The overall governance of the Fund remained in place with all meetings being held and papers and decisions being made available via the internet. All services have been fully maintained and all payments made in a timely manner. Investments which initially fell at the start of the pandemic bounced back quickly and additional monitoring meetings with Officers and fund managers were held to ensure risks were identified and mitigations measures are in place. A full review will be undertaken and future business continuity plans updated to reflect findings.

Certification

It is our opinion that reasonable assurance can be placed upon the adequacy and effectiveness of Scottish Borders Council Pension Fund's systems of internal control, governance and risk management. The annual review demonstrates sufficient evidence that the Pension Fund's Governance Policy is operating effectively and that the Pension Fund fully complies with the best practice principles as demonstrated in the Governance Policy and Compliance Statement (pages 23- 27).

**Councillor David Parker
Chairman
Pension Fund Committee**

**Netta Meadows
Chief Executive
Scottish Borders Council**

ANNUAL GOVERNANCE COMPLIANCE STATEMENT

The Local Government Pension Scheme (Scotland) Regulations 2014 require Administering Authorities to measure their governance arrangements against standards set out by Scottish Ministers. These standards are established via a number of best practice principles. The following table contains an assessment of the Fund's compliance with these principles.

Principle		Full Compliance	Comments
Structure			
A	The management of the administration of benefits and strategic management of Fund assets clearly rests with the main committee established by the appointing Council.	Yes	<p>Scottish Borders Council acts as administering authority for the Pension Fund and delegates its responsibilities as Scheme Manager to the Pension Fund Committee (the Committee).</p> <p>The Committee comprises seven Councillors.</p> <p>The Council's Scheme of Administration sets out the Committee's remit.</p>
B	Representatives of participating LGPS employers, admitted bodies and scheme members (including pensioner and deferred members) are members of either the main or secondary committee established to underpin the work of the main committee.	Yes	<p>The Pensions Board (the Board) formalises the involvement of the employers and trade unions representing the membership.</p> <p>The Fund's Board has eight members (four employer representatives and four trade union representatives) covering all pension fund members.</p> <p>The Board constitution is in line with the regulations, a copy of which is included in the Fund's Governance Policy and Compliance Statement.</p> <p>The Board meets jointly with the Committee and the Board's Constitution and the Scheme of Administration set out how disputes between the two bodies should be resolved.</p> <p>The Investment and Performance Sub-Committee (the Sub-Committee) established under the Committee. Its remit is set out in the Scheme of Administration. Membership of the Sub-Committee is seven elected Members from the Pension Fund Committee and two (non-voting) members from the Pension Board.</p>

**Scottish Borders Council Pension Fund
Annual Report and Accounts for the year to 31 March 2021**

Principle		Full Compliance	Comments
C	Where a secondary committee or panel has been established, the structure ensures effective communication across both levels	Yes	Minutes of the Sub-Committee and any other Sub-Groups are submitted to the Pension Fund Committee for approval. Two members from the Pension Board and all Members of the Committee are part of the Sub-Committee which has a remit to monitor investment performance.
D	Where a secondary committee or panel has been established, at least one seat of the main committee is allocated for a member from the secondary committee or panel.	Yes	The Scheme of Administration states that any Sub-Group established will have member(s) of the Committee as part of its membership.
Committee Membership and Representation			
A	All key stakeholders are afforded the opportunity to be represented within the main or secondary committee structure. These include: (i) employing authorities (including non-scheme employers, e.g. admitted bodies) (ii) scheme members (including deferred and pensioner scheme members) (iii) where appropriate, independent professional observers, and (iv) expert advisors (on an ad-hoc basis)	Yes	The Pension Board and Pension Fund Committee meet jointly ensuring employer and member (trade union) representation at meetings. The Investment Sub-Committee has two non-voting members from the Pension Board. The Independent Investment Consultant, Finance and HR Officers also attend in an advisory capacity.
B	Where lay members sit on a main or secondary committee, they are treated equally in terms of access to papers, meetings and training They are given full opportunity to contribute to	Yes	All members of the Committee and Board are covered equally by the Training Policy (as amended annually in June). The Board was established by Council on 2 April 2015. The Scheme of Administration for the Pension Fund Committee, and the Pension Board Constitution, provide for joint meetings, with equal rights to receive

**Scottish Borders Council Pension Fund
Annual Report and Accounts for the year to 31 March 2021**

Principle		Full Compliance	Comments
	the decision making process, with or without voting rights.		papers and access meetings.
Selection and role of lay members			
A	That committee or panel members are made fully aware of the status, role and function they are required to perform on either a main or secondary committee.	Yes	For Councillors this is part of the Council's Code of Governance along with the Members' induction programme. In addition, the Fund's Training Policy provides for an annual training needs assessment, and an annual programme of training to be made available to all members of the Committee and Board. All new members of the Committee and Board are also required, within six months of joining, to complete the Pension Regulator Trustee Toolkit.
B	At the start of any meeting, committee members are invited to declare any financial or pecuniary interest related to specific matters on the agenda	Yes	Part of the Council's Code of Governance requires the declaration of Members' interests for all committees as a standard agenda item.
Voting			
A	The policy of individual administrating authorities on voting rights is clear and transparent, including justification for not extending voting rights to each body or group represented on main LGPS committees.	Yes	This is set out in the Council's Scheme of Administration and the Pension Board's Constitution.
Training/Facility time/Expenses			
A	In relation to the way in which statutory and related decisions are taken by the administering authority, there is a clear policy on training, facility time and reimbursement of expenses	Yes	Councillors expenses are managed under the Council's policies. The Training Policy also covers the reimbursement of training related expenses.

**Scottish Borders Council Pension Fund
Annual Report and Accounts for the year to 31 March 2021**

Principle		Full Compliance	Comments
	in respect of members involved in the decision-making process.		
B	Where such a policy exists, it applies equally to all members of committees, sub-committees, advisory panels or any other form of secondary forum.	Yes	The training policy for all members of the Pension Board and Pension Fund Committee is approved annually at the joint meeting in June.
C	The administering authority considers the adoption of annual training plans for committee members and maintains a log of all such training undertaken.	Yes	The Annual Training Plan produced and implemented with logs of training attendance maintained.
Meetings (frequency/quorum)			
A	An administering authority's main committee or committees meet at least quarterly	Yes	The joint meetings of the Pension Fund Committee and Pension Board are quarterly.
B	An administering authority's secondary committee or panel meet at least twice a year and is synchronised with the main committee dates.	Yes	The Investment Sub-Committee meets every four months between the joint Committee/Board meetings.
C	An administering authority who does not include lay members in their formal governance arrangements, must provide a forum outside of those arrangements by which the interests of key stakeholders can be represented.	Not applicable	The Pension Board formally provides for stakeholders' engagement.
Access			
A	Subject to any rules in the Council's Constitution, all members of main and secondary committees or	Yes	Papers sent to all Committee/Board members as detailed in the Scheme of Administration.

**Scottish Borders Council Pension Fund
Annual Report and Accounts for the year to 31 March 2021**

Principle		Full Compliance	Comments
	panels have equal access to committee papers, documents and advice that falls to be considered at meetings of the main committee		
Scope			
A	Administering authorities have taken steps to bring wider scheme issues within the scope of their governance arrangements	Yes	The Scheme of Administration sets out the Committee as having a remit which covers all matters relating to the Council's role as Administering Authority for the Scottish Borders Council Pension Fund, within the terms of all relevant Local Government Pension Scheme legislation and the requirements of the Pension Regulator.
Publicity			
A	Administering authorities have published details of their governance arrangements in such a way that stakeholders, with an interest in the way in which the scheme is governed, can express an interest if wanting to be part of those arrangements.	Yes	Scottish Borders Council Pension Fund has a standalone website with all governance documents and Fund information. A link is provided to Minutes and public papers available via the Council's website.

SECTION 3

FINANCIAL STATEMENTS

STATEMENT OF RESPONSIBILITIES

COUNCIL'S RESPONSIBILITIES

Scottish Borders Council as the administering authority for Scottish Borders Council Pension Fund is required to:

- Make arrangements for the proper administration of Scottish Borders Council Pension Fund's financial affairs and to ensure that the proper officer of the authority has responsibility for the administration of those affairs in relation to Scottish Borders Council Pension Fund. That officer is the Director - Finance & Corporate Governance.
- Manage the affairs of Scottish Borders Council Pension Fund to secure the economic, efficient and effective use of resources and safeguard its assets.
- Ensure the Annual Accounts are prepared in accordance with legislation (The Local Authority Accounts (Scotland) Regulations 2014) and so far as is compatible with that legislation, in accordance with proper accounting practices (Section 12 of the Local Government in Scotland Act 2003).
- Approve Scottish Borders Council Pension Fund Annual Accounts for signature.

DIRECTOR - FINANCE & CORPORATE GOVERNANCE RESPONSIBILITIES

The Director - Finance & Corporate Governance is responsible for the preparation of Scottish Borders Council Pension Fund's Annual Accounts in accordance with proper practices as required by legislation and as set out the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Accounting Code)

In preparing the Annual Accounts, the Director - Finance & Corporate Governance has:

- Selected suitable accounting policies and then applied them consistently.
- Made judgements and estimates that were reasonable and prudent.
- Complied with legislation, and
- Complied with the local authority Accounting Code (in so far as it is compatible with legislation).

The Director - Finance & Corporate Governance has also:

- Kept adequate, up to date accounting records.
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

I certify that the financial statements give a true and fair view of the financial position of Scottish Borders Council Pension Fund as at 31 March 2021 and the transactions of the Fund for the year then ended.

David Parker
Chairman Pension Fund Committee
Scottish Borders Council

David Robertson
Director - Finance & Corporate Governance
Scottish Borders Council

FUND ACCOUNT for year ending 31 March 2021

2019/20 £'000		2020/21 £'000	Notes
	Dealings with members, employers and others directly involved in the scheme:		
19,830	Contributions	20,666	7
1,370	Transfers in from other pension funds	1,061	8
21,200		21,727	
(23,635)	Benefits	(25,157)	9
(2,920)	Payments To And On Account Of Leavers	(3,139)	10
(26,555)		(28,296)	
(5,355)	Net Additions/(Withdrawals) from Dealings with Members	(6,569)	
(5,922)	Management expenses	(5,979)	11
	Return on Investments:		
13,938	Investment Income	12,749	12
(22,587)	Profits and (Losses) on Disposal of Investments and Changes in the Market Value of Investments	146,680	14
(115)	Taxes on Income	(45)	
(8,764)	Net Return on Investments	159,384	
(20,041)	Net Increase/(Decrease) in the Fund during the Year	146,836	
732,899	Opening Net Assets of the Scheme	712,858	
712,858	Closing Net Assets of the Scheme	859,694	

The Fund Account shows the payments to pensioners, contribution receipts from employers and scheme members, and the income, expenditure and change in market value of the Fund's investments.

NET ASSETS STATEMENT as at 31 March 2021

2019/20 £'000		2020/21 £'000	Notes
713,000	Investment Assets	860,013	14
(681)	Investment Liabilities	(219)	14
712,319	Total net investment	859,794	
	Current Assets & Liabilities		
2,487	Current Assets	2,614	21
(1,948)	Current Liabilities	(2,714)	22
539		(100)	
712,858	Net Assets of the Fund available to fund benefits at the period end	859,694	

The Net Assets Statement represents the value of assets and liabilities as at 31 March (excluding liability to pay pensioners).

The unaudited accounts were issued on 29 June 2021 and the audited accounts were authorised for issue on 28 October 2021.

David Robertson CPFA
Director - Finance & Corporate Governance

NOTES TO THE ACCOUNTS

1 DESCRIPTION OF THE FUND

A) General

The Scottish Borders Council Pension Fund (the Fund) is part of the Local Government Pension Scheme (LGPS) and is administered by Scottish Borders Council.

The LGPS scheme is governed by the Public Service Pensions Act 2013. The Fund is administered by the Council in accordance with the following secondary legislation:

- The Local Government Pension Scheme (Scotland) Regulations 2018 (as amended).
- The Local Government Pension Scheme (Transitional Provisions and Savings) (Scotland) Regulations 2014.
- The Local Government Pension Scheme (Management and Investment of Funds) (Scotland) Regulations 2016.
- The Local Government Pension Scheme (Governance) (Scotland) Regulations 2015.

It is a contributory defined benefit pension scheme administered by Scottish Borders Council to provide pensions and other benefits for pensionable employees of Scottish Borders Council and a range of other scheduled and admitted bodies within the Scottish Borders area.

Organisations participating in the Fund include:

- Scheduled Bodies – which are local authorities and similar bodies whose staff are automatically entitled to be members of the Fund.
- Admitted Bodies – which are other organisations that participate in the Fund under an admission agreement between the Fund and the relevant organisation.

B) Funding

Pensions and other benefits are funded by contributions from employees, employers and investment earnings.

The Pension Fund is subject to a triennial valuation by an independent, qualified Actuary, whose report indicates the required future employer's contributions. For 2020/21 this was based on the valuation undertaken as at the 31 March 2020, as amended by specific changes, agreed by the Committee relating to an individual employer. The overall contribution rate was 18% for the Fund as a whole; however employer contribution rates during 2020/21 ranged from 18% to 21.1%.

Contributions from active members of the Fund are paid on a tiered basis, the contribution rate being determined by the amount of salary falling into each earnings tier. These rates are made in accordance with the 2008 Regulations and ranged from 5.5% to 12.0% of pensionable pay for the financial year ending 31 March 2021. From 1 April 2015 these contributions are based on the LGPS Regulations 2014 in line with the updated LGPS Scheme.

C) Benefits

The Local Government Pension Scheme is a defined benefit scheme. From 1st April 2015 benefits are accrued at a rate of 1/49th of pensionable pay on a career average basis. Prior to that date benefits were accrued on a final salary basis. These benefits are fully protected on the basis under which they were accrued.

The table below gives a summary of the scheme benefits:

Membership up to 31 March 2009		Membership from 1 April 2009 to 31 March 2015		Membership from 1 April 2015
Annual pension = (service years/days x final pay)/80	+	Annual pension = (service years/days x final pay)/60	+	Annual pension = Pensionable pay each year /49 (half that if in 50/50 section)
+		+		+
Automatic lump sum of 3 x annual pension.		No automatic tax free lump sum but can convert pension.		No automatic tax free lump sum but can convert pension.
+		+		+
<ul style="list-style-type: none"> • Annual revaluation and pensions increase in line with CPI inflation • Partners and dependents pensions • Ill health protection • Death in service protection 				

Further details can be found on the Scottish Borders Council Pension Fund website.

All benefits are paid in accordance with the Local Government Pension Scheme regulations.

2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements summarise the Fund's transactions for the 20120/21 financial year and its position as at the 31 March 2021. The accounts have been prepared in accordance with the *Code of Practice on Local Authority Accounting in the United Kingdom 2020/21* (the Code) which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector. In addition, consideration has been given to the *Local Government Pension Scheme Fund Accounts 2020/21 - example accounts and disclosure checklist* published by the Chartered Institute of Public Finance Accountants (CIPFA).

The financial statements also present the net assets available to pay pension benefits. These do not take account of obligations to pay pensions and benefits which fall due after the end of the financial year. Local authorities responsible for administering a Pension Fund that forms part of the LGPS are required by The Local Government Pension Scheme (Scotland) Regulations 2014 to publish a Pension Fund Annual Report, which is required to include a Fund Account and Net Assets Statement prepared in accordance with proper accounting practices.

The accounts have been prepared on a going concern basis.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund Account

Accruals Basis

In accordance with the Code, the Fund's Financial Statements are generally prepared on an accruals basis. The Net Assets Statement does not include liabilities to pay pensions and benefits after the end of the Fund year and the accruals concept is applied accordingly. Receipts and payments in respect of the transfer of benefits from and to other schemes are treated on a cash basis.

Contributions Income

Normal contributions, both from members and employers, are accounted for on an accruals basis at the percentage rate recommended by the Fund Actuary in the payroll period to which they relate. Employers augmented contributions and pension strain contributions are accounted for in the period in which the liability arises. Any amounts in respect of strain on the Fund due in a year but unpaid are classed as a current financial asset.

Transfers to and from other schemes

Transfer values represent the amounts received and paid during the year for members who have either joined or left the Fund during the financial year and are calculated in accordance with the LGPS Regulations. Individual transfers in/out are accounted for when the member liability is accepted or discharged.

Investment Income

i) Interest income

Interest is recognised in the Fund Account as it accrues, using the effective interest rate of the financial instrument as at the date of acquisition or origination.

ii) Dividend income

Dividend income is recognised on the date the shares are quoted ex-dividend. Any income not received by the end of the reporting period is disclosed in the net assets statement as a current financial asset.

iii) Distributions from pooled funds

Distributions from pooled funds are recognised at the date of issue.

iv) Movement in the net market value of investments

Changes in the net market value of investments are recognised as income and comprise all realised and unrealised profits/losses during the year.

Benefits Payable

Pensions and lump-sum benefits payable include all amounts known to be due as at the end of the financial year. Any amounts due but unpaid are disclosed in the Net Assets Statement as current liabilities.

Taxation

The Fund is a registered public service scheme under section 1(1) of Schedule 36 of the Finance Act 2004 and as such is exempt from UK income tax on interest received and from capital gains tax on the proceeds of investments sold. Income from overseas investments suffers withholding tax in the country of origin, unless exemption is permitted. Irrecoverable tax is accounted for as a Fund expense as it arises.

Administration Expenses

All administration expenses are accounted for on an accruals basis. Central Support Costs from Scottish Borders Council have been recharged to the Fund on the basis of time spent by staff on the service. The recharge includes overheads apportioned to this activity.

Investment Management Expenses

Fees of the external investment managers and custodian are agreed in the respective mandates or subscription agreements governing their appointments. Broadly, these are based on the market value of the investments under their management and therefore increase or reduce as the value of these investments change. Management fees also include transaction costs incurred by the managers.

Investment management expenses incurred by funds in the UK have come under increasing scrutiny in recent years resulting in establishment of the Cost Transparency Initiative (CTI) and the launch of collection templates in 2019. All managers of the Fund have submitted their investment expenses information on the new template which will ensure consistency of reporting.

Net Assets Statement

Valuation of Investments

The values of investments as shown in the net assets statement have been determined as follows:

- Market-quoted investments – Investments listed on recognised Stock Exchanges are valued at the bid price on the close of business on 31 March.

Scottish Borders Council Pension Fund Annual Report and Accounts for the year to 31 March 2021

- Unquoted investments – directly held investments include investments in limited partnerships, shares in unlisted companies, trusts and bonds. Other unquoted securities typically include pooled investments in property, infrastructure, debt securities and private equity. The valuation of these pools or directly held securities is undertaken by the investment manager or responsible entity and advised as a unit or security price. The valuation standards followed in these valuations adhere to industry guidelines or to standards set by the constituent documents of the pool or the management agreement.
- Pooled investment vehicles – are valued at bid price on the close of business on 31 March.
- Private equity/debt and infrastructure assets are independently valued by the appointed Fund Manager and General Partners. Fair value is calculated by applying Private Equity and Venture Capital Valuation Guidelines.

The processes of the fund managers, who are listed in Note 14b, (page 43) are subject to external audit and verification and this is reported in their respective assurance reports on internal controls (in accordance with Technical Release AAF 01/06).

Foreign Currency Transactions

Dividends, interest and purchases and sales of investments in foreign currencies have been accounted for at spot market rates at the date of transaction. End of year spot market exchange rates are used to value cash balances held in foreign currency bank accounts market values of overseas investments.

Derivatives

The Fund uses derivative financial instruments to manage its exposure to specific risks (in particular currency) arising from its investment activities. The Fund does not hold derivatives for speculative purposes.

Derivative contract assets are fair valued at bid prices and liabilities are fair valued at offer prices. Changes in the fair value of the derivative contracts are included in the change in market value.

The future value of forward currency contracts is based on market forward exchange rates at the year-end and determined as the gain or loss that would arise if the outstanding contracts were matched at the year-end with an equal and opposite contract.

Cash and Cash Equivalents

Cash comprises cash in hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to minimal risk of change in value.

Actuarial Present Value of Promised Retirement Benefits

The actuarial present value of promised retirement benefits is assessed on a triennial basis by the scheme Actuary in accordance with the requirements of International Accounting Standards (IAS) 19 and relevant actuarial standards. As permitted under IAS 26, the Fund has opted to disclose the actuarial present value of promised retirement benefits by way of a note to the Net Assets Statement (Note 20, page 58).

Additional Voluntary Contributions (AVCs)

The Fund provides an additional voluntary contributions (AVC) scheme for its members, the assets of which are invested separately from those of the Fund. The Fund has appointed Standard Life to act as AVC provider. AVCs are paid to the AVC provider by employees and are specifically for providing additional benefits for individual contributors. Each AVC contributor receives an annual statement showing the amount held in their account and the movements in the year.

AVCs are not included in the accounts in accordance with section 4(2) (b) of the Local Government Pension Scheme (Management and investment Funds) (Scotland) Regulations 2010 (SSI 2010/233) but are disclosed as a note only (Note 23).

Accounting Standards that were issued but not yet adopted.

There are no accounting standards which have not yet been adopted.

4 CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

Pension Fund Liability

The Pension Fund liability is calculated every three years by the appointed Actuary (currently Hymans Robertson), with annual updates in the intervening years. The methodology used is in line with the accepted guidelines and in accordance with IAS 19. Assumptions underpinning the valuations are agreed with the Actuary and are summarised on page 56. This estimate is subject to significant variances based on changes to the underlying assumptions.

5 ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION AND UNCERTAINTY

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities at the balance sheet date and the amounts reported for the revenues and expenses during the year. Estimates and assumptions take into account historical experience, current trends and other relevant factors. However, the nature of estimation means that the actual outcomes could differ from the assumptions and estimates.

The items in the financial statements at 31 March 2021 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if actual results differ from assumptions
Actuarial Present Value of Promised Retirement Benefits (Note 20, page 58).	Estimation of the net liability to pay pensions in the future depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. Hymans Robertson is	The effects on the net pension liability of changes in individual assumptions can be measured. - A 0.5% increase in the discount rate assumption would result in a decrease in the pension liability of £104m

Scottish Borders Council Pension Fund
Annual Report and Accounts for the year to 31 March 2021

	<p>engaged to provide the Fund with expert advice about the assumptions to be applied.</p>	<ul style="list-style-type: none"> - A 0.5% increase in the Consumer Price Index assumption for inflation would increase the value of the liabilities by £91m - A 0.5% increase in the long-term rate of salary increase would increase value of the liabilities by £11m, and - A 0.25% increase in assumed life expectancy would increase the liability by £5m <p><i>Source – IAS26 report 2021</i></p>
<p>Portfolio of Level 3 assets held</p>	<p>Level 3 assets are those which do not have observable market data. The valuations are provided by administrators of the funds and are validated by independent administrators. Such valuations are prepared in accordance with the valuation principles of IFRS and GAAP. There is, however a degree of estimation involved in the valuations.</p>	<p>The total assets held in Level 3 £245.9m and include Private Credit, Property, Infrastructure and Alternatives. There is a risk that this investment may be under or overstated in the accounts. Based on historical data and current market trends actual valuation could be between £276.4m and £215.4m</p>

The property investments for Blackrock and UBS portfolio valuations for the 2019/20 accounts both included a “material valuation uncertainty clause” to the levels of uncertainty in the markets at the start of the covid pandemic. Markets have now stabilised and there is an adequate quantum of market evidence for the valuations to no longer contain the uncertainty clause.

6 EVENTS AFTER THE REPORTING DATE

There are no known events since 31 March 2021 which directly affect these accounts.

Scottish Borders Council Pension Fund
Annual Report and Accounts for the year to 31 March 2021

7 CONTRIBUTIONS RECEIVABLE

2019/20				2020/21		
Employers	Members	Total		Employers	Members	Total
£'000	£'000	£'000		£'000	£'000	£'000
14,889	4,845	19,734	Normal	15,472	5,135	20,607
81	-	81	Special/Pension Fund Strain	28	-	28
-	15	15	Additional Voluntary	-	31	31
14,970	4,860	19,830	Total	15,500	5,166	20,666

2019/20		2020/21
£'000		£'000
15,532	Administering Authority	17,739
856	Scheduled Bodies	917
3,442	Admitted Bodies	2,010
19,830		20,666

8 TRANSFERS IN

There were no group transfers in to the scheme during 2020/21 or 2019/20 and the total of £1.061m (2019/20: £1.370m) represents the total of transfer values in respect of individual members joining the scheme.

9 BENEFITS PAYABLE

2019/20		2020/21
£'000		£'000
18,953	Pension Payments	19,754
3,779	Commutation and lump sum retirement benefits	4,727
903	Lump Sums death benefits	676
23,635		25,157

Scottish Borders Council Pension Fund
Annual Report and Accounts for the year to 31 March 2021

2019/20		2020/21
£'000		£'000
21,465	Administering Authority	22,918
676	Scheduled Bodies	438
1,494	Admitted Bodies	1,801
23,635		25,157

10 PAYMENTS TO AND ON ACCOUNT OF LEAVERS

2019/20		2020/21
£'000		£'000
74	Refunds to members leaving service	49
2,846	Individual Transfers	1,286
	Group Transfers	1,804
2,920		3,139

The group transfer in 2020/21 represents the move of Visit Scotland members to Lothian Pension Fund.

11 MANAGEMENT EXPENSES

2019/20		2020/21
£'000		£'000
363	Administrative costs	352
5,296	Investment management expenses	5,310
263	Oversight and governance costs	317
5,922	Total	5,979

Scottish Borders Council Pension Fund
Annual Report and Accounts for the year to 31 March 2021

11(a) Investment Management Expenses

	Total	Management fees	Transaction cost
2020/21	£'000	£'000	£'000
Equities	1,027	738	289
Pooled Investments	2,917	2,415	502
Private Equity/Infrastructure	722	620	102
Property	560	232	328
Total	5,226	4,005	1,221
Custody fees	84		
Total	5,310		
	Total	Management fees	Transaction cost
2019/20	£'000	£'000	£'000
Equities	807	715	92
Pooled Investments	3,041	2,453	588
Private Equity/Infrastructure	638	322	316
Property	719	329	390
Total	5,205	3,819	1,386
Custody fees	91		
Total	5,296		

12 INVESTMENT INCOME

2019/20		2020/21
£'000		£'000
3,356	Dividends from equities	2,571
5,527	Income from Pooled Investment vehicles	6,521
4,902	Income from Pooled Property Investment vehicles	3,657
153	Interest on Cash Deposits	0
13,938		12,749

Scottish Borders Council Pension Fund
Annual Report and Accounts for the year to 31 March 2021

13 OTHER FUND ACCOUNT DISCLOSURES

13(a) External Audit Costs

In 2020/21 the agreed audit fee for the year was £21,510 (2019/20 £21,040). The external auditor is Audit Scotland.

14 INVESTMENTS

Market Value at 31 March 2020 £'000		Market Value at 31 March 2021 £'000
	Investment Assets	
164,635	Equities	217,762
143,846	Pooled Equities	172,971
134,390	Pooled Bonds	179,002
51,230	Pooled Other	110,739
97,461	Pooled Property Investments	95,298
58,458	Private Equity/Infrastructure	69,690
50,583	Diversified Alternatives	-
-	Derivative Contracts	-
11,021	Cash Deposits	13,132
1,151	Investment Income Due	994
225	Amounts receivable for sales	425
713,000	Total Investment Assets	860,013
	Investment Liabilities	
(681)	Amounts payable for purchases	(219)
712,319	Net Investment Assets	859,794

14(a) Reconciliation of Movement in Investment and Derivatives

The table below follows the guidance of the standard presentation for the movement in investments.

	Opening Market Value 1/4/2020 £'000	Purchases & Derivative Payments £'000	Sales & Derivative Receipts £'000	Change to Market value during year £'000	Closing Market Value 31/3/2021 £'000
Equities	164,635	59,151	(93,712)	87,688	217,762
Pooled Investments	329,466	32,640	(9,101)	109,708	462,713
Pooled Property Investments	97,461	813	-	(2,976)	95,298
Private Equity/Infrastructure	58,458	9,714	(1,654)	3,173	69,691

**Scottish Borders Council Pension Fund
Annual Report and Accounts for the year to 31 March 2021**

Diversified Alternatives	50,583	-		(50,583)	-
Derivative Contracts	-	1	(10)	9	-
	700,603	102,319	(104,477)	147,019	845,464
Other Investment Balances					
Cash Deposits	11,021			(212)	13,132
Amount receivable for sales	225				424
Investment Income due	1,151				993
Spot FX Contract	-			(127)	1
Amount Payable on Purchase	(681)				(220)
Net Investments	712,319			146,680	859,794

Significant Transactions during the year:

The Fund continued to implement the Investment Strategy approved on 13 September 2018. Equity funds have been reduced and invested into inflation linked assets such as Infrastructure and Private Credit. The diversified alternatives fund previously a segregated fund following a review was moved in full to a pooled fund with the same Manager covering the same asset classes.

14(b) Investment Analysed by Fund Managers

Investment Management was undertaken on behalf of the Fund during the financial year by 17 firms of investment managers, these are shown below. The Fund has also during 2020/21, continued to make investments into infrastructure via collaborative working with Lothian Pension Fund and directly with Macquarie. As at 31 March 2021 the market value of the assets under management, broken down by manager and mandate (including cash held within each mandate) was:

31-Mar-20		31-Mar-21			
£'000	%			£'000	%
44,037	6.2	UBS	Pooled Fund -UK Equities	51,592	6.0
29,683	4.2	Baillie Gifford	UK Equities	61,178	7.1
137,839	19.4	Baillie Gifford	Global Equities	164,059	19.1
98,719	13.9	Morgan Stanley	Pooled Fund - Global Equities	118,407	13.8
92,086	12.9	M&G	Pooled Fund - Diversified Income	116,311	13.5
42,304	5.9	M&G	Pooled Fund - Bonds	62,691	7.3

Scottish Borders Council Pension Fund
Annual Report and Accounts for the year to 31 March 2021

38,475	5.4	UBS	Pooled Fund -Property	37,221	4.3
59,880	8.4	Blackrock	Pooled Fund – Property	58,181	6.7
50,583	7.1	LGT	Pooled Fund - Alternatives	59,823	7.0
23,494	3.3	Partners Group	Pooled Fund – Private Credit	27,424	3.2
27,736	3.9	Permira	Pooled Fund – Private Credit	24,728	2.9
2,755	0.4	Alinda	Infrastructure	3,100	0.4
3,065	0.4	KKR	Infrastructure	3,449	0.4
1,329	0.2	Infrared	Infrastructure	1,226	0.1.
11,236	1.6	Dalmore	Infrastructure	13,595	1.6
1,340	0.2	Brookfield	Infrastructure	1,421	0.2
1,100	0.1	Macquarie	Infrastructure	1,636	0.2
1,500	0.2	Equitix	Infrastructure	1,701	0.2
2,474	0.4	Gaia	Infrastructure	2,162	0.3
1,612	0.2	Oaktree	Infrastructure	2,342	0.3
32,047	4.5	Macquarie	Pooled Fund -Infrastructure Debt	39,059	4.5
9,025	1.3	Internal	Internally Managed Cash & Investments	8,488	0.9
712,319				859,794	

The benchmarks and performance targets for each manager as at the 31 March 2021 are contained in the Statement of Investment Principles published on the Pension Fund website.

Investments representing more than 5% of Net Assets

The value of the following investments exceeds 5% of the total value of the net assets of the Pension Fund at 31 March 2021. Each of the investments comprises units in a managed fund.

	As at 31 March 2020		As at 31 March 2021	
	£'000	% of Fund	£'000	% of Fund
M&G Alpha Opportunities Fund	92,086	12.9	116,311	13.5
M&G Index Linked	42,304	5.9	62,691	7.3
Morgan Stanley Global Brands Fund	98,719	13.9	118,407	13.8
Blackrock – Long Lease Property	59,880	8.4	58,181	6.8

**Scottish Borders Council Pension Fund
Annual Report and Accounts for the year to 31 March 2021**

LGT Crown SBC Segregated Portfolio	50,583	7.1	59,823	7.0
UBS UK Passive Equities	44,037	6.2	51,592	6.0

Fund Performance

The total Fund return for the year was 20.1% with a relative return over benchmark of 18.3%. Over three years the Fund has generated an annualised return of 8.3% per annum, with a relative return over benchmark of 7.7% per annum. Further information on this is contained in- Investments page 79.

14 (c) Stock Lending

The Fund may participate in the stock lending programme managed by its Global Custodian, Northern Trust. All loans are fully collateralised. As at 31 March 2021 stock with a market value of £24.5m was on loan.

14(d) Property Holdings

The Fund's investment in its property portfolio comprises of pooled investments with UBS and Blackrock. There are no directly owned properties.

15 ANALYSIS OF DERIVATIVES

The Funds approach to derivatives is to allow individual managers to decide to participate in derivative contracts subject to limits set out in their investment management agreements. The Fund holds cash assets to allow for cash flow purposes. Fund managers will also, on occasions, hold forward currency contracts.

Settlements	Currency Bought	Local Value £000's	Currency Sold	Local Value £000's	Asset Value £000's	Liability Value £000's
Under 1 month	GBP	0	0	0	0	0
Open forward currency contracts at 31 March 2021					0	0
Net forward currency contracts at 31 March 2021					0	0
Open forward currency contracts at 31 March 2020					0	0
Net forward currency contracts at 31 March 2020					0	0

16 FAIR VALUE BASIS OF VALUATION

Assets and liability valuations are classified into three levels according to quality and reliability of information used to determine fair values.

1. Level 1 - are those where fair values are derived from unadjusted quoted prices in active markets for identical assets and liabilities. Products classified as Level 1 comprise quoted equities and unit trusts. Prices are quoted at bid prices.
2. Level 2 - are those where quoted market prices are not available; for example, where an instrument is traded in a market that is not considered to be active, or where valuation

Scottish Borders Council Pension Fund
Annual Report and Accounts for the year to 31 March 2021

techniques are used to determine fair value and where these techniques use inputs that are based significantly on observable market data.

3. Level 3 - are those where at least one input that could have a significant effect on the instrument's valuation is not based on observable market data. Such instruments would include unquoted equity investments, which are valued using various valuation techniques that require significant judgement in determining appropriate assumptions.

16(a) Fair Value Hierarchy

Values as at 31 March 2021	Quoted market price	Using observable inputs	With significant unobservable inputs	Total
	Level 1	Level 2	Level 3	
	£'000	£000's	£000's	£000's
Financial assets at fair value through profit & loss				
Equities	217,762			217,762
Pooled Investments	349,001	2,972	110,739	462,712
Pooled Property Investments		29,795	65,503	95,298
Private Equity/Infrastructure			69,691	69,691
Cash Deposits	13,132			13,132
Other Investment assets		2		2
Investment Income due	990	3		993
Amounts receivable for sales		423		423
Net Investment Assets	580,885	33,195	245,933	860,013
Financial liabilities at fair value through profit & loss				
Payable for investment purchase		(219)		(219)
Total	580,885	32,976	245,933	859,794

Scottish Borders Council Pension Fund
Annual Report and Accounts for the year to 31 March 2021

Values as at 31 March 2020	Quoted market price	Using observable inputs	With significant unobservable inputs	Total
	Level 1	Level 2	Level 3	
	£'000	£000's	£000's	£000's
Financial assets at fair value through profit & loss				
Equities	164,635			164,635
Pooled Investments	277,203	1,092	104,921	383,216
Pooled Property Investments		31,314	62,980	94,294
Private Equity/Infrastructure			58,458	58,458
Cash Deposits	11,021			11,021
Investment Income due	1,151			1,151
Amounts receivable for sales		225		225
Net Investment Assets	454,010	32,631	226,359	713,000
Financial liabilities at fair value through profit & loss				
Payable for investment purchase		(681)		(681)
Total	454,010	31,950	226,359	712,319

16(b) Transfers between Levels 1 and 2

There have been no funds transferred from level 1 to level 2 during the year.

Scottish Borders Council Pension Fund
Annual Report and Accounts for the year to 31 March 2021

16(c) Reconciliation of Fair Value Measurements within level 3.

	Market Value 1 April 2020 £'000	Purchases during year & derivative payments £'000	Sales during the year and derivative receipts £'000	Unrealised gains/ (losses) £'000	Realised gains/ (losses) £'000	Market Value 31 March 2021 £'000
Alternatives	50,583		(50,583)	(11,200)	11,200	-
Overseas Equity	8,508	2,541	(1,321)	(227)	484	9,985
Private Credit funds	51,230	3,998	(5,099)	787		50,916
UK Property	66,088	1,200		(1,783)		65,505
Overseas Venture Capital	49,950	7,257	(333)	2,831		59,705
UK Venture Capital		50,583		9,239		59,822
Total	226,359	65,579	(57,336)	(353)	11,684	245,933
	Market Value 1 April 2019 £'000	Purchases during year & derivative payments £'000	Sales during the year and derivative receipts £'000	Unrealised gains/ (losses) £'000	Realised gains/ (losses) £'000	Market Value 31 March 2020 £'000
Alternatives	51,678	-	-	(1,095)	-	50,583
Overseas Equity	2,450	5,887	(859)	779	251	8,508
Private Credit Funds	47,611	11,489	(6,697)	(1,173)	-	51,230
UK Property	66,181	750	-	(843)	-	66,088
Overseas Venture Capital	18,999	34,600	(1,722)	(1,895)	(32)	49,950
Total	186,919	52,726	(9,278)	(4,227)	219	226,359

Transfers to level 3 reflect the investment into Infrastructure as part of the implementation of the revised Investment Strategy.

Scottish Borders Council Pension Fund Annual Report and Accounts for the year to 31 March 2021

Purchases and sales during the year reflect the implementation of the revised Investment Strategy.

Unrealised and realised gains and losses are recognised in the changes in value of investments line of the Fund Account.

Sensitivity of Assets Valued at Level 3

Having considered historical data and current market trends, and consulted with independent advisors, the Fund has determined the valuation methods described above are likely to be accurate within the following ranges, and has set out below the consequent potential impact on the closing value of investments held at 31 March 2021.

	Assessed valuation range (+/-)	Value at 31 March 2021 £'000	Value on increase £'000	Value on decrease £'000
Diversified Alternatives	22.0%	59,822	72,984	46,662
Overseas Venture Capital	12.0%	10,467	11,724	9,213
Private Credit	10.5%	50,917	56,263	45,570
UK Property	8.6%	65,504	71,110	59,897
UK Venture Capital	8.7%	59,223	64,371	54,075
Total		245,933	276,452	215,417

Scottish Borders Council Pension Fund
Annual Report and Accounts for the year to 31 March 2021

17 CLASSIFICATION OF FINANCIAL INSTRUMENTS

The following table analyses the carrying amount of financial instruments by category and net assets statement heading. No financial instruments were reclassified during the accounting period.

31 March 2020				31 March 2021		
Fair value through profit & loss £'000	Loans & Receivables £'000	Financial Liabilities at amortised cost £'000		Fair value through profit & loss £'000	Loans & Receivables £'000	Financial Liabilities at amortised cost £'000
			Financial assets			
164,635	-	-	Equities	217,762	-	-
329,466	-	-	Pooled Investments	462,713	-	-
97,461	-	-	Pooled Property Investments	95,298	-	-
58,458	-	-	Infrastructure	69,691	-	-
50,583	-	-	Diversified Alternatives	-	-	-
-	11,021	-	Cash	-	13,132	-
-	1,151	-	Other Investment balances	-	994	-
-	225	-	Debtors	-	423	-
700,603	12,397	-		845,464	14,549	-
			Financial Liabilities			
-	-	-	Derivative Contract	-	-	-
-	-	-	Other investment balances	-	-	-
-	-	(681)	Creditors	-	-	(219)
-	-	-		-	-	
700,603	12,397	(681)	Total	845,464	14,549	(219)
	712,319				859,794	

17 (a) Net Gains and Losses on Financial Instruments

31 March 2020 £000		31 March 2021 £000
	Financial assets	
(22,738)	Designated at fair value through profit & loss	146,959
153	Loans & receivables	
-	Financial Liabilities	-
-	Fair value through profit & Loss	9
(2)	Loans & receivables	(288)
(22,587)	Total	146,680

The Pension Fund has not entered into any financial guarantees that are required to be accounted for as financial instruments.

18 NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

Risk and Risk Management

The Fund's primary long-term risk is that the Fund's assets will fall short of its liabilities (i.e. promised benefits payable to members). Therefore the aim of investment risk management is to minimise the risk of an overall reduction in the value of the Fund and to maximise the opportunity for gains across the whole Fund portfolio. The Fund achieves this through asset diversification to reduce exposure to market risk (price risk, currency risk and interest rate risk) and credit risk to an acceptable level. In addition, the Fund manages its liquidity risk to ensure there is sufficient liquidity to meet the Fund's forecast cash flows.

Responsibility for managing the Fund's risk rests with the Pension Fund Committee. A Risk Register for the Fund has been established to identify and analyse the risks that the Fund faces and the key messages from this process are covered in the Risk Management Statement on page 16. The Market Risk and Credit Risk aspects below come under the risk category of Assets and Investment in the Risk Register, whilst Liquidity Risk is a separate category of risk. In addition, the Funding Strategy Statement and Statement of Investment Principles address risk management considerations as they apply to the particular objectives of each document.

Market Risk

Market risk is the risk of loss from fluctuations in equity and commodity prices, interest and foreign exchange rates and credit spreads. The Fund is exposed to market risk from its investment activities, particularly through its equity holdings. The level of risk exposure depends on market conditions, expectations of future price and yield movements and the asset mix. The objective of the Fund's risk management strategy is to identify, manage and control market risk exposure within acceptable parameters, whilst optimising the return on risk.

In general, excessive volatility in market risk is managed through the diversification of the portfolio in terms of geographical and industry sectors and individual securities. To mitigate market risk, the Council and its Investment Consultants undertake appropriate monitoring of market conditions and benchmark analysis.

Other Price Risk

Other price risk represents the risk that the value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or foreign exchange risk) whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all such instruments in the market.

The Fund is exposed to share price risk, arising from investments held by the Fund for which the future price is uncertain. All securities investments present a risk of loss of capital. The maximum risk resulting from financial instruments is determined by the fair value of the financial instruments.

The Fund’s investment managers mitigate this price risk through diversification and the selection of securities and other financial instruments is monitored by the Council to ensure it is within limits specified in the Fund’s Investment Strategy.

Other Price Risk – Sensitivity Analysis

In consultation with the Fund’s independent provider of performance and analytical data it has been determined that the following movements in market price risk are reasonably possible for this reporting period.

Asset Type	Potential Market Movement %
UK Equities	20.3
Global Equities	20.5
UK Bonds	11.5
Property	10.0
Alternatives	10.4
Cash	1.0

Potential price changes are determined based on the observed historical volatility of asset class returns. The potential volatilities are consistent with a one standard deviation movement in the change in value of the assets over the latest three years. Had the market price of the Fund investments increased/decreased in line with the above, the change in the net assets available to pay benefits in the market price could have been as follows:

Scottish Borders Council Pension Fund
Annual Report and Accounts for the year to 31 March 2021

Asset Type	Value as at 31 Mar 21 £'000	+/- % Change *	Value on Increase £'000	Value on Decrease £'000
UK Equities	112,771	20.3	135,663	89,878
Global Equities	282,502	20.5	340,414	224,589
UK Bonds	179,002	11.5	199,588	158,417
Property	95,402	10.0	104,942	85,861
Alternatives	181,665	10.4	200,558	162,772
Cash	8,453	1.0	8,538	8,367
Total Assets	859,795		989,703	729,884

*The percentage change for total assets includes the impact of correlation across asset classes.

Interest Rate Risk

The Fund invests in financial assets for the primary purpose of obtaining a return on investments. These investments are subject to interest rate risks, which represent the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Fund's interest rate risk is routinely monitored by the Council and its Investment Consultants, including monitoring the exposure to interest rates and assessment of actual interest rates against the relevant benchmarks.

The Fund's direct exposure to interest rate movements as at 31 March 2020 and 31 March 2021 is set out below and includes investment and operational cash balances. These disclosures present interest rate risk based on the underlying financial assets at fair value:

Asset Type	At 31 March 2020 £'000	At 31 March 2021 £'000
Cash and Cash Equivalents	13,258	10,091
	13,258	10,091

Interest rate risk sensitivity analysis

The Council recognises that interest rates can vary and can affect both income to the Fund and the value of the net assets available to pay benefits.

The analysis that follows assumes that all other variables, in particular exchange rates, remain constant, and shows the effect in the year on the net assets available to pay benefits of a +/- 100 Basis Points (BPS) change in interest rates:

Scottish Borders Council Pension Fund
Annual Report and Accounts for the year to 31 March 2021

Asset Type	Value as at 31 Mar 21 £'000	Effect on Asset Values	
		Favourable Rate Move + 100 BPS £'000	Unfavourable Rate Move -100 BPS £'000
Cash and Cash Equivalents	10,091	100	(100)

Currency Risk

Currency risk represents the risk that the fair value of future cash flow of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund is exposed to currency risk on financial instruments that are denominated in any currency other than the functional currency of the Fund (£UK). The Fund is invested in equities overseas that are denominated in currencies other than £UK.

The following table summarises the Fund's currency exposure at 31 March 2021:

Currency exposure by asset type	As 31 March 2021 £'000
Overseas Equities	150,377
Overseas Fixed Income Funds	116,311
Overseas Equity Funds	178,230
Overseas venture capital	9,985
Total	454,903

Currency risk – sensitivity analysis

Asset Type	Value as at 31 Mar 21 £'000	+/- % Change *	Value on Increase £'000	Value on Decrease £'000
Overseas Equities	150,377	9.4%	164,513	136,242
Overseas Fixed income	116,311	8.4%	126,081	106,541
Overseas Equity Funds	178,230	9.4%	194,983	161,476
Overseas venture capital	9,985	9.0%	10,884	9,086
Total Assets	454,903		496,461	413,345

Credit Risk

Credit risk represents the risk that the counterparty to a transaction or a financial instrument will fail to discharge an obligation and cause the Fund to incur a financial loss. The market values of investments generally reflect an assessment of credit in their pricing and consequently the risk of loss is implicitly provided for in the carrying value of the Fund's financial assets and liabilities. The selection of high quality counterparties, brokers and financial institutions minimises credit risk that may occur through the failure to settle a transaction in a timely manner.

Scottish Borders Council Pension Fund Annual Report and Accounts for the year to 31 March 2021

The Fund is separately addressed within the Council's Annual Treasury Strategy and this document sets out the Fund's approach to credit risk for internally managed funds. Deposits are not made with banks and financial institutions unless they are rated independently and meet the Council's credit criteria. The Fund has also set limits as to the maximum percentage of the deposits placed with any one class of financial institution.

The Fund believes it has managed its exposure to credit risk, and the Fund has had no experience of default or uncollectable deposits over the past five financial years. The Fund's cash holding under its internal treasury management arrangements at 31 March 2021, including current account cash, was £1.9m (31 March 2020: £2.2m). This was held with the following institutions:

	Rating	Balance at 31 March 2020 £'000	Balance at 31 March 2021 £'000
Bank Current Accounts			
Bank of Scotland	A+	2,237	1,952
Northern Trust	AA	11,021	8,139
Total		13,258	10,091

Liquidity Risk

Liquidity risk represents the risk that the Fund will not be able to meet its financial obligations as they fall due. The Council therefore takes steps to ensure that the Pension Fund has adequate cash resources to meet its commitments.

The Council has immediate access to its internally managed Pension Fund cash holdings through use of instant access accounts or money market funds.

The Fund defines liquid assets as assets that can be converted to cash within three months. Illiquid assets are those assets which will take longer than three months to convert in to cash. As at 31 March 2021, the Fund's illiquid assets under this definition are some of the Property fund of funds holdings and the infrastructure holdings.

19 FUNDING ARRANGEMENTS

In line with the Local Government Pension Scheme Regulations 2018, the Fund's Actuary undertakes a funding valuation every three years for the purpose of setting employer contribution rates for the forthcoming triennial period.

The Actuarial Valuation assesses the health of the fund and provides a check that the Funding Strategy and assumptions used are appropriate.

2020 Actuarial Valuation

The 2020 Actuarial Valuation was undertaken for the Fund as at 31 March 2020 (full report available on the Scottish Borders Council Pension Fund website). The Valuation was completed during the financial year 2020/21 by the Funds actuaries, Hyman Robertson. It has been undertaken in accordance with Regulation 60 of the Local Government Pension Scheme (Administration) (Scotland) Regulations 2014.

Scottish Borders Council Pension Fund Annual Report and Accounts for the year to 31 March 2021

The funding level of the Fund as at the 31 March 2020 was 110%, compared to the 31 March 2017 valuation of 114% and this corresponded to a surplus of £63m. The following table summarises the funding position.

Past Service Funding Position – Scottish Borders Council Pension Fund		
Valuation Date as at 31 March	2017 £m	2020 £m
Value of the Scheme Liabilities	(573)	(650)
Smoothed Asset Value	654	713
Surplus/ (Deficit)	81	63
Funding Level	114%	110%

The value of the scheme liabilities is an estimate of the assets required to pay pensions over the coming years. The smoothed asset value is the contributions received from employers and members as well as investment returns. The surplus or deficit on the Fund is the difference between the two.

The next detailed Actuarial Valuation will be carried out for the Fund as at 31st March 2023.

Valuation Assumptions

The valuation of the Fund has been undertaken using the projected unit method under which the salary increase for each member is assumed to increase until they leave active service by death, retirement or withdrawal from service.

Financial Assumptions

The principal assumptions used in the last triennial valuation (to March 2020) were:

	2017 Valuation	2020 Valuation
	% p.a.	% p.a.
Investment Return	5.0	3.8
Pay Increases – Long Term	3.8	2.6
Pension Increases	2.8	1.9
Discount Rate	5.0	3.8

Demographic Assumptions

The mortality assumptions used and applied to all members are bespoke set of Vita Curves tailored to fit the membership profile of the Fund. Future improvement of mortality have been allowed based on CMI 2019 model with an allowance for smoothing of recent mortality experience and long term rate of improvement of 1.5% p.a. for both women and men.

Scottish Borders Council Pension Fund
Annual Report and Accounts for the year to 31 March 2021

Life Expectancy after age 65		31 March 2017	31 March 2020
Pensioners	Male	21.7	20.9
	Female	24.3	23.5
Non Pensioners	Male	23.5	21.9
	Female	26.2	25.4

Commutation Assumption

It is assumed that future retirees will commute pension to provide a lump sum of 50% of the maximum allowed under HMRC rules.

50:50 option

It is assumed that 0% of active members will take up the 50:50 option in the LGPS 2014 scheme.

20 ACTUARIAL PRESENT VALUE OF PROMISED RETIREMENT BENEFITS

In addition to the Triennial Funding Valuation, the Fund's Actuary also undertakes a valuation of pension fund liabilities (actuarial present value of promised retirement benefits) at the accounting date as required by International Accounting Standard (IAS) 26, and calculated in line with IAS 19 assumptions.

This uses the same base data as the Triennial Funding Valuation rolled forward to the current financial year, taking account of changes in membership numbers and updating assumptions to the current year. This valuation is not carried out on the same basis as that used for setting Fund employer contribution rates and the Fund Account does not take account of liabilities to pay pensions and other benefits in the future.

The actuarial present values, calculated in line with IAS 19, are set out in the table below.

	Net Pension Asset/(Liability) as at:		
	31 March 2019 £m	31 March 2020 £m	31 March 2021 £m
Present value of the defined benefit obligations	(941)	(887)	(1,088)
Fair Value of Fund Assets* (bid value)	733	713	860
Net Asset/(Liability)	(209)	(174)	(228)

The McCloud judgement, which relates to age discrimination arising from public sector pension scheme transition arrangements has been included in the obligations figures above. The obligations also include a calculation for the Guaranteed Minimum Pension (GMP) equalisation which is still currently awaiting guidance from Treasury. The GMP reconciliation exercise is still ongoing but is unlikely to be significant, no allowance has therefore been made in the obligations.

Scottish Borders Council Pension Fund
Annual Report and Accounts for the year to 31 March 2021

This figure is used for statutory accounting purposes by the Fund and complies with the requirements of IAS 26. The assumptions underlying the figure are detailed below:

	At 31 March 2019	At 31 March 2020	At 31 March 2021
	% p.a.	% p.a.	% p.a.
Discount Rate	2.4	2.3	2.00
Pay Increases – Long Term	3.5	2.9	3.55
Pension Increases	2.5	1.9	2.85

As noted above, liabilities are calculated on an IAS 19 basis and therefore will differ from the results of the 2020 Triennial Funding Valuation (see Note 19) because IAS 19 stipulates a discount rate, rather than a rate that reflects the market rate for investment returns on the Fund's assets.

21 CURRENT ASSETS

Current Assets	As 31 March 2020 £'000	As 31 March 2021 £'000
Short term debtors		
Contributions Due – Employees	15	30
Contributions Due - Employers	43	87
	58	117
Transfer value receivable (joiners)	102	456
Sundry Debtors	9	7
Prepayments	81	82
Total	250	662
Cash Balances	2,237	1,952
Total	2,487	2,614

22 CURRENT LIABILITIES

Current Liabilities	As 31 March 2020 £'000	As 31 March 2021 £'000
Transfer value payable (leavers)	198	566
Sundry Creditors	1,498	1,939
Benefits payable	252	209
Total	1,948	2,714

23 ADDITIONAL VOLUNTARY CONTRIBUTIONS

Additional Voluntary Contributions are invested separately from the main Fund, securing additional benefits on a money purchase basis for those members that have elected to contribute. All AVCs are managed by Standard Life and the value at 31 March 2021 was £1.636m (2020 £1.232m). During the year contributions in totalled £0.356m, while payments out of the AVC fund totalled £0.293m. In accordance with regulation 4(2)(b) of the Government Pension Scheme (Management and Investment of Funds)(Scotland) Regulations 2009 (SI 2009/3093), AVCs are not included in the Pension Fund accounts.

24 AGENCY SERVICES

There are no agency service agreements in place.

25 RELATED PARTY TRANSACTIONS

During the year, the Pension Fund had an average balance of £1.43m (2020: £1.50m) of cash administered by Scottish Borders Council within separate external banking arrangements, which earned interest of £0.005m (2020 £0.005m). The Council charged the Pension Fund £0.281m (2020 £0.343m) in respect of expenses incurred in administering the Fund. There are no additional related party transactions that require to be disclosed. The Pension Fund balance due to Scottish Borders Council by the Pension Fund at the balance sheet date and disclosed in the net assets statement was as follows:

As at 31 March	2020 £'000	2021 £'000
Due (to)/from Scottish Borders Council	(142)	(244)

Governance

Six members of the Pension Fund Committee were active members of the Pension Fund during 2020/21. One member of the Pension Fund Committee was in receipt of pension benefits from the Fund.

26 KEY MANAGEMENT PERSONNEL

The key management personnel of the Fund is Scottish Borders Council Director- Finance & Corporate Governance. Total remuneration payable is set out below.

31 March 2020 £000's		31 March 2021 £000's
96	Short-term benefits	111
-	Post-employment benefits	-
4	Other long-term benefits	7
-	Termination benefits	-
100	Total	118

The figures above reflect the full remuneration as reported in Scottish Borders Council Accounts. The Pension Fund is recharged 10% of the above post.

27 CONTINGENT ASSETS

One of the admitted body employers in the Pension Fund holds an insurance bond to guard against the possibility of being unable to meet their pension obligations. These bonds are drawn in favour of the Pension Fund and payment will only be triggered in the event of employer default.

28 CONTINGENT LIABILITIES

GMP Equalisation

On 26 October 2018, the High Court ruled that Guaranteed Minimum Pensions (GMP) should be equalised between men and women to address the discrepancies in members' benefits arising from the contracting out of the additional state pension between 17 May 1990 and 6 April 1997. The Fund recognises the potential for liabilities arising from GMP equalisation. As guidance has not yet been issued by the Treasury it is not possible to quantify the impact this will have on the Fund at this time, however, an allowance for full GMP indexation was included within the 31 March 2020 funding valuation position and therefore the allowance is automatically included within the 31 March 2021 balance sheet.

GMP Reconciliation

The exercise known as GMP Reconciliation to reconcile HM Revenue contracted out records with those of pension funds is reaching a conclusion. The full cost implication of this is not yet known. Scottish Ministers are expected to legislate that any LGPS pensions that have been overpaid due to incorrect GMPs being held should not be reduced. Instead it is expected that overpayments will be ring fenced and frozen at their current level. Final information has been received from HMRC and will be reviewed once the year end postings have been completed for the 2020-21 year end to ensure we meet the statutory deadline for Annual Benefit Statements.

Goodwin

The Goodwin tribunal relates to a recent employment tribunal that changes the pension entitlement of male survivors in opposite sex marriages to take into account the female member's service from 6 April 1978. Previously, the male spouse survivor's entitlement was based on service accrued from 6 April 1988. The change is backdated to 5 December 2005. The change therefore affects the pension of male spouse survivors where their entitlement arose (i.e. where the female member died) on or after 5 December 2005. It is too early to know what the likely effect may be on LGPS members' benefits at this time.

29 POST BALANCE SHEET EVENTS

The audited Statement of Accounts was issued by the Director - Finance & Corporate Governance on 28 October 2021. Events taking place after this date are not reflected in the financial statements or notes.

SECTION 4

ADMINISTRATION

PENSION ADMINISTRATION STRATEGY

The Pension Administration Strategy approved in September 2020 sets out the procedures and performance standards required by both Scottish Borders Council, as administering authority and the employers with the Fund. The procedures and performance standards are agreed to ensure the efficient and effective administration of the pension scheme. The strategy aims to ensure that

- A high quality pension service is delivered to all scheme members
- Pension benefits are paid accurately and on time
- Successful partnership working develops between the Fund and its employers
- Performance standards are understood, achieved and reported; and
- Performance and service delivery comply with the Local Government Pension Scheme (LGPS) regulations, other related legislation and The Pension Regulator's Codes of Practice.

PERFORMANCE

The Pension Administration Strategy sets out the statutory responsibilities of Scottish Borders Council as the administering authority. Service standards and key performance measures are agreed. The performance against these agreed standards and measures are reported annually to the Scottish Borders Council Pension Fund Committee and Pension Fund Board. The performance for the year to 31 March 2021 is set out below.

Employer Performance Measures

Service Standards

Standard – target completion 90%	Volume	%age Met
New starts notification – within 20 working days	681	100%
Change notification – within 20 days	671	100%
Retirement info – at least 20 working days before	237	100%
Early leaver notification – within 20 working days	582	100%
Death in service notification – within 10 working days	6	100%

Contribution Payments

The following tables compare the date contribution payments are received against the target date, of 19th of the month, for each of the Scheduled and Active Admitted Bodies.

Employer Body	By Target Date	Late	% On Time
Scottish Borders Council	12		100%
Visit Scotland	9		100%
Borders College	12		100%
Scottish Borders Housing Association	12		100%

**Scottish Borders Council Pension Fund
Annual Report and Accounts for the year to 31 March 2021**

Jedburgh Leisure Facilities Trust	12		100%
Borders Sport and Leisure Trust	12		100%
AMEY Community Limited	12		100%
SB Cares	12		100%
CGI	12		100%
South of Scotland Enterprise	12		100%

There were no late payments received during 2020-21. Visit Scotland shows nine payments as they were transferred from the Scottish Borders Council Pension Fund to Lothian Pension Fund on 1st January 2021.

Administering Authority Performance Measures

Service Standards

Standard	Volume	Target	%age Met
Estimates – Transfer In	50	20 days	58.0%
Estimates – Transfer Out	31	20 days	35.5%
Estimate – All Other	1,155	10 days	87.3%

With the move to homeworking due to the pandemic, staff were focusing on ensuring payments were made on time, and adopting to new working practices, it was accepted that it was not going to be possible to record all queries received as in previous years. Therefore, it has not been possible to provide the split as previous years. We also saw a move towards queries coming in via email, which is reflected in the table below.

Type of Query	Volume	Target	%age Met
Phone Calls logged	79	5 days	100%
Annual Benefit Statement Queries	279	5 days	100%
Emails to pensions@scotborders.gov.uk mailbox	3,614		Not Measured
Total	3,972		

Other Measures

Area	Measure	Completed
Employer Liaison Meetings	1 per annum	2 nd March 2021
Benefit Statements	by end of August	24th August 2020

The sixth liaison meeting, held virtually, with all Admitted and Scheduled Bodies was held during 2020/21. It covered the changes that had been made to the annual reporting for the 2020/21 year end and afforded the employers the chance to ask questions to the Pensions Team. Going forward we will continue to hold the liaison meeting towards the end of the financial year where we will discuss up-coming legislative changes and requirements for the year end processing.

Key Administration Tasks

Task	Total received
New entrants	679
Early leavers	468
Retirements	237
Deaths in service	6
Deaths in deferment	2
Deaths in retirement	91
New Widows(ers), Child Pensions	50
Estimates	1,155
Pension credit members	0

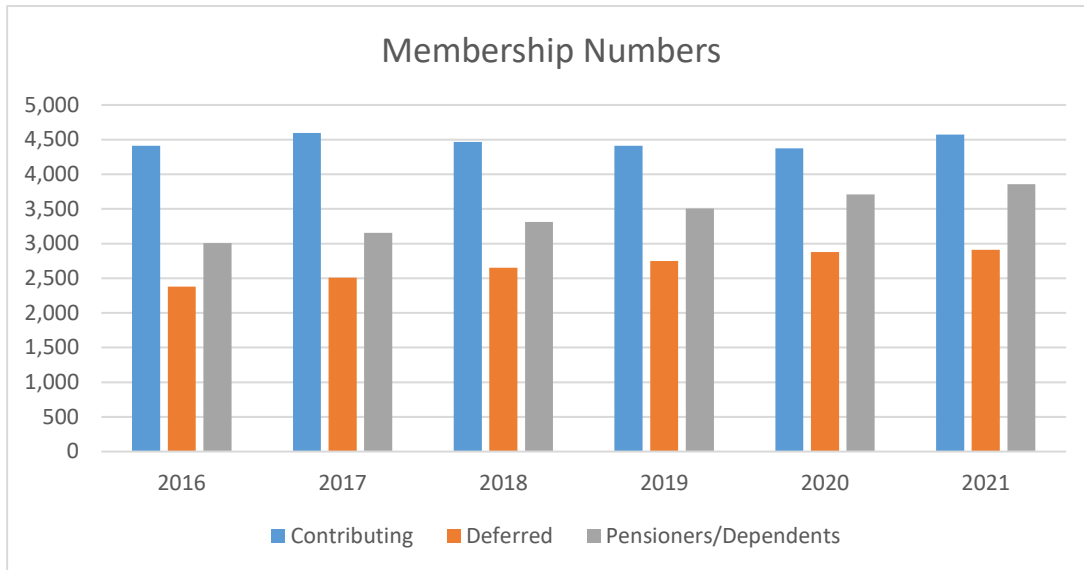
MEMBERSHIP

Membership of the LGPS is voluntary and employees are free to choose whether to join the scheme, remain in the scheme or make their own personal arrangements outside the scheme.

Teachers are not included as they are enrolled as members of schemes managed and administered by the Scottish Public Pension Agency.

The current membership of the Fund is 11,664, of which 4,647 are actively contributing and 4,040 are in receipt of their benefits. The table over provides a summary of the trends in membership:

**Scottish Borders Council Pension Fund
Annual Report and Accounts for the year to 31 March 2021**



There are 17 employer organisations with the Fund including the Council itself. Membership by employer is analysed in the table below.

Membership Details as at 31 March 2021	Number of Contributors	Pensioners	Deferred Pensioners	Total
Scheduled Bodies:				
Scottish Borders Council	4,138	3,605	2,542	10,285
Borders College	195	92	77	364
	4,333	3,697	2,619	10,649
Admitted Bodies				
Scottish Borders Housing Association	67	104	74	245
LIVE Borders	136	59	68	263
Jedburgh Leisure Facilities Trust	2	2		4
Amey Community Limited (TUPEE Staff only)	2	9	3	14
CGI (TUPEE Staff only)	28	8	9	45
South of Scotland Enterprise	79			79
	314	182	154	650
Admitted Bodies no contributing members				
SB Carers		123	179	123
Gala Youth Project		2		2
Scottish Borders Careers		2	2	4
L&B Community Justice Authority		2	7	9
BC Consultants		15	15	30
Others		17	1	18
	0	161	204	365
Total	4,647	4,040	2,977	11,664

Visit Scotland Transfer

Scottish Ministers requested the consolidation of all Pension Scheme members of the Local Government Pension Scheme into one single Fund. As a result it was necessary to carry out a bulk transfer of scheme members from the Scottish Borders Council Fund to Lothian Pension Fund. The transfer saw seven pensioners, one active member and eight deferred members' transfer, with the bulk transfer value, as agreed by Fund Actuaries, of £1,804,036.28

COMMUNICATION POLICY AND PERFORMANCE

COMMUNICATION POLICY

The Fund approved the current Communications Policy on 24 September 2020. 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:-

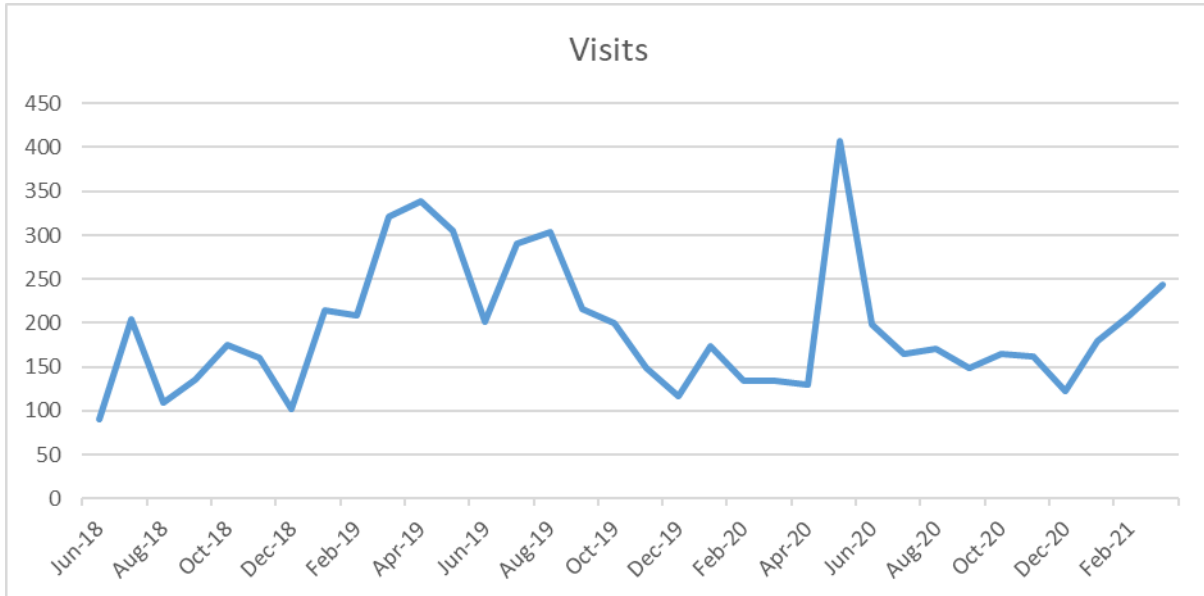
Fund website to provide information to as many stakeholders as possible at a time that suits them we provide access to the following: -

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

Scottish Borders Council Website for Pension Committee and Local Pension Board agendas and minutes can be found on the main Council website, www.scotborders.gov.uk The Fund uses both surface and e-mail to send and receive general correspondence. Roadshows and presentations are available to employer workplaces and attend roadshows, seminars, induction and pre-retirement presentations on request, a minimum period of four weeks' notice will be required to allow for appropriate preparations. Scheme members can arrange to visit our offices to speak to a member of our Pensions Administration Team, they can arrange to pre-book appointments by e-mail or telephone.

Scottish Borders Council Pension Fund Annual Report and Accounts for the year to 31 March 2021

The introduction of the Pension Fund website in June 2018 has allowed members to access information and documents. The table below details the number of visits to the site since it was launched to end of March 2021. The scheme website can be found at www.scottishborderscouncilpensionfund.org



COMMUNICATION PERFORMANCE

The following communications took place during 2020/21

- The Employer Liaison meeting was held as a virtual meeting due to the restrictions in place as a result of the Covid-19 situation. 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.
- 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
- 7,067 Annual Benefits statements and newsletter issued.

SECTION 5

FUNDING

FUNDING STRATEGY STATEMENT

The Local Government Pension Scheme regulations require each administering authority to publish and maintain a Funding Strategy Statement.

The purpose of the Funding Strategy Statement is:

- To establish a clear and transparent fund specific strategy which will identify how employers' pension liabilities are best met going forward;
- To support the regulatory framework to maintain as nearly constant employer contribution rates as possible; and
- To take a prudent longer-term view of funding the liabilities

These objectives are desirable individually but may be mutually conflicting. The Statement sets out how the administering authority balances the potentially conflicting aims of affordability and stability of contributions, transparency of processes, and prudence in the funding basis.

The latest Funding Strategy Statement (FSS) was approved by the Pension Fund Committee on 4 March 2021 and a copy of this document can be found at [Funding Strategy Statement](#). Key elements of the Funding Strategy Statement are the Funding Objective and Funding Strategy for the Pension Fund, an extract of these are included below.

Aims and Purpose of the Fund (Section 1, page 2 of FSS)

Aims To:

- manage employers' liabilities effectively and ensure that sufficient resources are available to meet all liabilities as they fall due;
- enable primary contribution rates to be kept as nearly constant as possible and (subject to the Administering Authority not taking undue risks) at reasonable cost to all relevant parties (such as the taxpayers, scheduled and admitted bodies), while achieving and maintaining Fund solvency and long-term cost efficiency, which should be assessed in light of the risk profile of the fund and employers, and the risk appetite of the administering authority and employers alike; and
- Seek returns on investment within reasonable risk parameters.

Purpose To:

- Pay pensions, lump sums and other benefits to scheme members as provided for under the Regulations;
- Meet the costs associated in administering the Fund; and
- Receive contributions, transfer values and investment income.

Funding Strategy (Section 5, page 5 of FSS)

The Funding Strategy seeks to achieve (via employee and employer contributions and investment income) three key objectives:

- A funding level of 100%, as assessed by the Fund's appointed actuary, triennially, in accordance with the Regulations;

Scottish Borders Council Pension Fund Annual Report and Accounts for the year to 31 March 2021

- Ensuring the solvency of the Fund and the long-term cost efficiency of the Scheme; and
- As stable an employer contribution rate as is practical.

ACTUARIAL STATEMENT

The Local Government Pension Scheme regulations require each administering authority to obtain an Actuarial Valuation of the assets and liabilities of the Fund every three years. The last valuation was at 31 March 2020. The regulations require each administering authority, after consultation with such persons as they consider appropriate, to prepare, maintain and publish a written statement setting out their Funding Strategy.

In completing the valuation the Actuary must have regard to the current version of the administering authority's Funding Strategy statement.

The Actuarial Valuation is essentially a measurement of the Fund's liabilities and assets. The Funding Strategy deals with how the liabilities will be managed. In practice, review of the Funding Strategy Statement and completion of the Actuarial Valuation are carried out in tandem to ensure that measurement and management processes are cohesive.

Triennial Valuation 2020

The Triennial Funding Valuation as at the 31 March 2020 was undertaken during 2020 and the final certified report was presented to the joint meeting of the Pension Fund Committee and Pension Board on 4 March 2021. The valuation was undertaken in accordance with Regulation 60 of the Local Government Pension Scheme (Administration)(Scotland) Regulations 2014. A copy of the report is available via the Council's committee papers website [Pension Fund/Board Committee papers](#)

The outcome of the 2020 Valuation was a funding level of 110% a slight reduction in the position assessed at 2017 of 114%. The funding position equates to a surplus of over £63m and the advice of the Actuary is that this surplus be used over time to partially offset increases in the primary employer's contribution rate of 21.9%. The Fund's common pool contributions rate remains stable for the first two years but due to uncertainties around the impact of McCloud and the Cost Cap Mechanism rates will be increased by 0.5% from 1 April 2023. Employers out with the common pool have seen individual employer rates change for specific circumstances.

Valuation Date as at 31 March	Past Service Funding Position – Scottish Borders Council Pension Fund		
	2014 £m	2017 £m	2020 £m
Value of the Scheme Liabilities	487	(573)	(650)
Smoothed Asset Value	490	654	713
Surplus/ (Deficit)	3	81	63
Funding Level	101%	114%	110%

Scottish Borders Council Pension Fund Annual Report and Accounts for the year to 31 March 2021

Note 19 to the Statement of Accounts on page 56, contains details of the outcome and assumptions used in the 2020 Valuation and the impact that it had on employer contribution rates.

A major contributing factor to the improvement in the funding level has been the strong investment performance that the Fund has achieved over the past three years.

Employer Contribution Rates

As part of the 2020 Actuarial Valuation, the Actuary certified the primary rate at 21.9%. However in agreement with the Actuary a secondary rate of 3.96% has been deducted to allow the common rate of contribution as 18% of payroll for the next two years with an increase of 0.5% on 1 April 2023. The secondary rate will reduce the surplus of £63m over 50 years.

Individual and pooled employers' rates vary from the common contribution rate (18.0%) depending on the demographic and actuarial factors particular to each employer. The table below highlights the key employer contribution rates (i.e. the rate which employers in the Fund pay):

Employers Contribution Grouping	Employers Contribution Rate	
	2019/20	2020/21
Scottish Borders Council Common Pool	18.0%	18.0%
Scottish Borders Housing Association – Individual	20.3%	20.3%
CGI	21.1%	21.1%
South of Scotland Enterprise	20.6%	20.6%

Valuation for Statutory Accounts at 31 March 2021

Note 20 to the Statement of Accounts on page 58, contains the present Actuarial Valuation for the Fund as required by the International Accounting Standard (IAS) 26. This shows a net liability for the Fund of £174m. However, the liabilities for this figure are calculated on an IAS 19 basis and therefore will differ from the results of the 2020 Triennial Funding Valuation because IAS 19 stipulates a specific discount rate to enable comparability rather than a rate that reflects the market rate for investment returns on the Fund's assets. It is therefore not appropriate to use this as a measure for setting employer contribution rates or assessing the overall long term funding health of the Fund. The full version of the Actuary report and the current Funding Strategy is available via the Pension Fund website: [Pension Fund](#)

SECTION 6

INVESTMENTS

STATEMENT OF INVESTMENT PRINCIPLES

The Statement of Investment Principles (SIP) is the Funds' investment policy document and is reviewed regularly. The SIP is updated to reflect any changes agreed by the Pension Fund Committee, the latest approved document, approved on 22 June 2020, can be found at [Statement of Investment Principles](#).

The Local Government Pension Scheme (Management and Investment of Funds)(Scotland) Regulations 1998 as amended, require administering authorities to prepare, maintain and publish a Statement of Investment Principles (SIP) which includes the policy on:

- The types of investment to be held
- The balance between different types of investment
- The risk considerations, including the ways in which risks are to be measured and managed
- The expected return on investments
- Realising of investments
- Taking account of social, environmental or ethical considerations in investments
- Exercising the rights (including voting rights) attaching to investments
- Stock Lending.

The Pension Fund Committee is responsible for making decisions in relation to the SIP and approving any decisions in relation to any changes to fund managers, investment advisers and custodian. The Pension Fund Investment and Performance Sub-Committee reviews the SIP and monitors the performance of managers. The Sub-Committee makes recommendations to the Pension Fund Committee in relation to these areas.

The key objectives of the Fund which form key considerations when agreeing the SIP are:-

- Build up assets to produce levels of employer contributions
- Seek to maintain a positive ratio of assets to liabilities for the Fund
- Produce long term investment returns in line with Triennial Valuation assumptions.

The 2017 Triennial Valuation reported a funding position of 114% with investment returns targeted at 5% per annum. Following the 2020 Triennial Valuation which reported a funding position of 110% and investment target returns of 3.8% the Fund will be undertaking a review of its Statement of Investment Principles and its target asset allocation.

These objectives are reflected in the underlying investment principles, which are considered in the development and agreement of the Fund's Investment Strategy. The key principles are shown below:

- **Long term perspective** – by the nature of the Fund's liabilities and employers, the Fund is able to take a long-term view and position its Investment Strategy on this basis.
- **Diversification** – the Fund seeks to diversify its investments in order to benefit from a variety of return patterns and to manage risk.
- **Maturing nature** – the contributions received are less than the benefits currently paid to pensioners meaning the Fund is a maturing Fund. Income generation is therefore required.
- **Stewardship** – the Fund is a responsible investor and adopts policies and practices which acknowledge the importance of environmental, social and governance (ESG) issues.

INVESTMENT STRATEGY

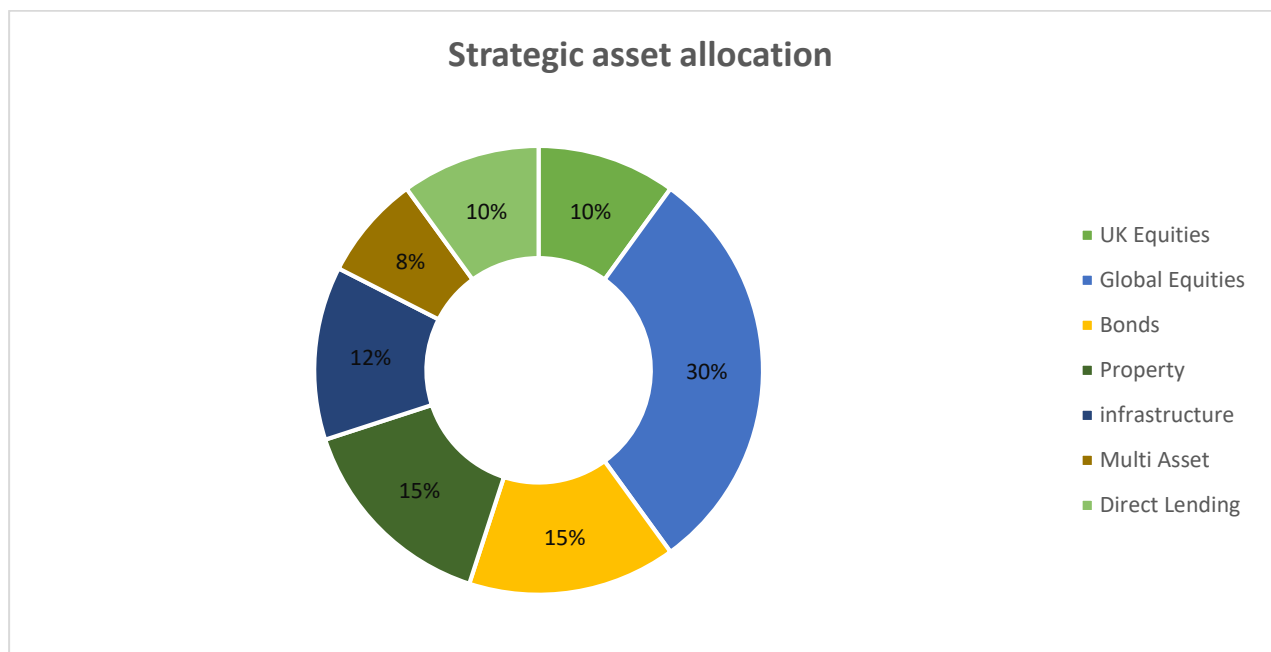
The Fund's investment objective is to support the Funding Strategy by adopting an Investment strategy and structure, which incorporates an appropriate balance between risk and return.

Following the 2017 Triennial Valuation, which showed the Fund at 114% funded, the Fund looked to increase diversification from volatile equity markets and to spread the risk across an increased number of managers. The following valuation in 2020 showed the Fund at 110% funded and will be undertaking a review of the strategic asset allocation.

In common with many other Local Government Pension Schemes funds, the valuation showed:

- Pensioner and deferred liabilities outweigh active member liabilities and;
- Cash-flow contributions from members was lower than benefits paid to pensions, meaning the Fund is in a net outflow.

Using the asset liability model, which assess risk/return against liabilities as the basis for modelling a revised Investment Strategy was approved in September 2018, this will be reviewed in June 2021 following the triennial review. The diagram below shows the current approved strategic asset allocation.



The strategic asset allocation approved reduced the allocation for equities and increased allocation to infrastructure. These changes were made to increase the alignment of investments with liabilities and to increase the income generating investments to ensure funds are available to pay liabilities as they become due. The reduction in equities also reduces the level of risk exposure to equity markets.

The strategic asset allocation also diversifies the risk exposure in its use of managers. The Fund currently has nine Fund Managers over 14 funds; excluding Infrastructure. Shown over are the current Fund Managers,

Scottish Borders Council Pension Fund
Annual Report and Accounts for the year to 31 March 2021



BLACKROCK



Morgan Stanley



The Funds infrastructure investment is split over two areas of infrastructure debt with Macquarie and a portfolio of investments developed in collaboration with Lothian Pension Fund. The Fund Managers for these are shown below:



Brookfield



DALMORE CAPITAL



KKR



OAKTREE

The implementation of the Investment Strategy commenced in December 2018 with the appointment of Macquarie for infrastructure debt and a reduction of equity managers. Due to the nature of the new investments, progress has been gradual as investment opportunities arise and appointed Fund Managers draw down funds. The table over shows the position as at 31 March 2021 against the Strategy:

**Scottish Borders Council Pension Fund
Annual Report and Accounts for the year to 31 March 2021**

Asset Class	Asset Allocation at 31/3/20 %	Asset Allocation at 31/3/21 %	Strategic Benchmark %
UK Equity	10.4	13.1	10.0
Global Equity	33.2	32.9	30.0
Bonds	18.9	20.8	15.0
Alternatives	14.3	13.0	17.5
Property	13.8	11.1	15.0
Infrastructure	8.2	8.1	12.5
Cash	1.2	1.0	0.0
Total	100.0	100.0	100.0

Investment Manager Allocation

Each external Investment Manager is appointed to manage a specified % allocation of total fund investment assets. The breakdown of the Fund's assets by Investment Manager, mandate type and asset class at 31 March 2020 and 31 March 2021 are show in the table below

Manager	Mandate Type	31 Mar 2020 (%)	31 Mar 2021 (%)
UBS	Pooled Fund -UK Equities	6.2	6.0
Baillie Gifford	UK Equities	4.2	7.1
Baillie Gifford	Global Equities	19.3	19.1
Morgan Stanley	Pooled Fund - Global Equities	13.9	13.8
M&G	Pooled Fund - Diversified Income	12.9	13.5
M&G	Pooled Fund - Bonds	5.9	7.3
UBS	Pooled Fund -Property	5.4	4.3
Blackrock	Pooled Fund – Property	8.4	6.8
LGT	Pooled Fund - Alternatives	7.1	6.9
Partners Group	Pooled Fund – Private Credit	3.3	3.2

**Scottish Borders Council Pension Fund
Annual Report and Accounts for the year to 31 March 2021**

Permira	Pooled Fund – Private Credit	3.9	2.9
KKR	Infrastructure	0.4	0.4
Infrared	Infrastructure	0.2	0.1
Dalmore	Infrastructure	1.6	1.6
Brookfield	Infrastructure	0.2	0.2
Macquarie	Infrastructure	0.2	0.2
Equitix	Infrastructure	0.2	0.2
Allinda	Infrastructure	0.4	0.4
Gaia LP	Infrastructure	0.4	0.2
Oaktree	Infrastructure	0.2	0.3
Macquarie	Pooled Fund -Infrastructure Debt	4.5	4.5
Cash	Internally Managed Cash & Investments	1.2	1.0

Holdings

The table below shows the top 20 direct holdings at 31 March 2021. All holdings are held with the Baillie Gifford Global and UK equities portfolios.

Company	Market Value of Holding £ m	Company	Market Value of Holding £ m
Prudential GBP	6.2	Naspers N Zaro	5.7
BHP Group PLC	5.1	Rio Tinto	5.0
Amazon Com Inc	4.2	Moodys Corp	3.7
Alphabet Inc	3.4	Taiwan Semicon	3.4
Microsoft Corp	3.4	Anthem Inc	3.3
Mastercard Inc	3.2	ADR Sea Ltd	3.2
Shopify Inc	3.1	Meituan	2.9
ADR Alibaba Grp holding limited	2.9	Martin Marietta Matls Inc	2.8
AIA Group Ltd	2.8	St James's Place	2.6
Tesla Inc	2.5	Olympus Corp	2.4

INVESTMENT PERFORMANCE

MARKET CONTEXT

2020 was dominated by the effects of Covid-19 across the globe. Many growth asset markets at the start of the pandemic retracted resulting in sharp drops across the markets at the start of the year with the low point at the end of Q1 2020. Many countries across the globe have implemented supportive monetary policies and fiscal support to their economies which have been received positively by the markets, many of which have now rebounded.

Equity markets were one of the markets most effected at the start of the Covid-19 pandemic with significant drops in values. Equity markets partially bounced back in Q2 2020 as governments reacted to Covid-19. The announcements of Covid-19 vaccines in Q4 2020 provided further positive returns along with announcements of further monetary and fiscal support. UK equities also rebounded strongly during Q4 as the UK reached a trade deal agreement with the European Union ahead of the Brexit deadline. The markets ended the year having fully recovered from prior to the impact of Covid-19.

Real assets such as long lease property and infrastructure have been resilient and posted positive performance during the year despite the global impact of Covid-19 and Brexit. Despite Covid-19 there remains demand for these assets due to its low-risk, secure, inflation linked, long term income streams. Core UK Property has also delivered positive returns following the fall at the Q1 2020.

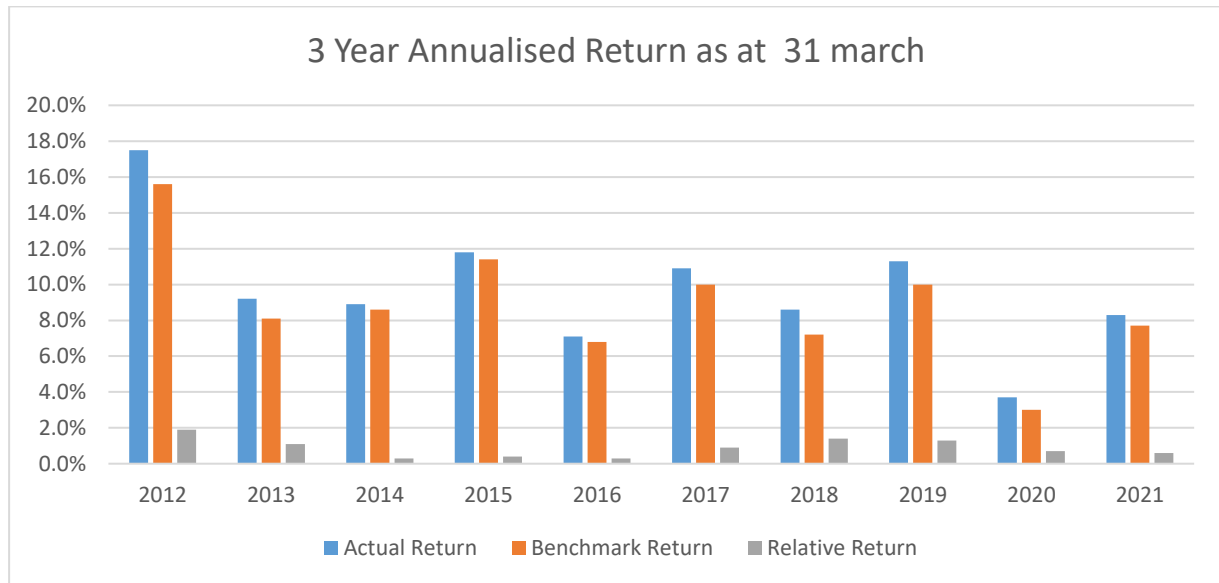
Credit markets, as with other markets, saw significant recovery in Q2 2020 due to the fiscal policies and again in Q4 2020 with announcements of vaccines. More recently, rising inflation expectations has put upward pressure on interest rates. This has led to interest rate sensitive assets, such as inflation linked government debt and investment grade credit, performing negatively.

FUND PERFORMANCE

Following the large drop in investment values as at 31 March 2020, due to the unprecedented economic disruption caused by Covid-19, the Fund has during 2020/21 fully recovered these losses. All asset classes have performed well over the year giving a strong positive performance for the year of 20.1%, against a benchmark of 18.3%. The table over shows the rolling three year annualised relative return (i.e. Funds' return achieved compared with the benchmark) for the last 10 years.

Scottish Borders Council Pension Fund Annual Report and Accounts for the year to 31 March 2021

Rolling 3 year annualised returns



Each quarter, the Investment Consultants, Isio, reported on the Fund's quarterly performance by individual Investment Manager and mandate to the Joint Pension Fund Committee and Pension Board. The Investment and Performance Sub Committee also met each Manager during the year giving Committee Members an opportunity to gain a deeper understanding of the investments, their decision making processes and their performance.

The Fund achieved a positive return of 20.1% against a benchmark of 18.3%.

The table below provides an analysis of how the Fund's investments performed against the Fund's benchmark.

Return on Investment as at 31/3/2021	1 year rolling return		3 year rolling return	
	Fund %	Bench ¹ %	Fund %	Bench ¹ %
Total Fund	20.1%	18.3%	8.3%	7.7%
Global Equities	39.8%	39.4%	16.6%	14.3%
UK Equities	30.4%	27.3%	4.2%	3.5%
Bonds	12.9%	3.3%	4.2%	3.6%
Alternatives	9.6%	4.0%	5.3%	4.6%
Property	0.3%	3.6%	2.4%	4.0%
Cash	-	-	-	-

The table above shows the largest contribution to the very positive returns has come from equities. This reflects the post Covid-19 bounce back from the large drop in equities at 31 March 2020 which saw equities dropping by over 20% in Q1 2020.



RESPONSIBLE INVESTMENT

Scottish Borders Council Pension Fund's (SBCPF) overriding obligation is to act in the best interests of the scheme beneficiaries. In this fiduciary role the Fund believes that a positive approach to Environmental, Social and Corporate Governance (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 Trustee fiduciary duty, it is imperative that we act 'prudently, responsibly and honestly' and therefore consider both short term and long-term risks when making investment decisions.

The Fund approved a Statement of Responsible Investment Policy on 30 November 2018 setting out the approach to responsible investment and arrangements to monitoring manager performance against the principles of the policy on an annual basis. The key principles within the policy are:

- All new managers adhere to and report on the United Nations Principles for Responsible Investment (UNPRI) Code & Stewardship Code, Managers will be expected to use ESG factors as a tool for gathering information to improve decision making, thereby managing risks.
- The Fund minimises any harm to the environment and society, whilst ensuring it builds up a portfolio of assets that are best placed to meet its future liabilities.
- The Fund wishes to see its environmental footprint minimised, its social responsibilities maximised and the highest standards of employee relations and corporate governance maintained.
- The Fund requires its Investment Managers to adhere to these standards in all their investments activities and plans to monitor how these standards are upheld for the following set of overarching principles.

The Fund actively engages with managers to ensure they are meeting these key principles and is incorporating ESG considerations into their investment decisions.

The Responsible Investment Policy also requires the Fund to review and report on an annual basis the performance of Managers. The second monitoring report was presented and approved by the Pension Fund Committee on 24 September 2020. The key highlights of this report are as follows:

- 15 out of 17 Managers are signatories of UNPIR representing 99.5% of the Fund.

Scottish Borders Council Pension Fund Annual Report and Accounts for the year to 31 March 2021

- PRI annual assessment scored 9 out of 15 Managers as higher than median.
- Internal scoring methodology scored 96.8%; of the funds managed by managers, scored 80% or more than the total available scores.

For managers scoring less than 80% in the internal scoring methodology additional monitoring and engagement was undertaken.

The Fund actively investigates opportunities to increase investment in sustainable funds. This active management has seen an additional £100m move from the Morgan Global Brand Fund to the Global Sustain Fund, which has resulted in all funds held with Morgan Stanley now being in their Sustain Fund.



Climate Change is a global challenge, which will have a significant impact on the global economy, corporations and society as a whole. The Paris Agreement of the United Nations Framework Convention on Climate Change sets three main aims:

- Holding the increase in the global average temperature to well below 2°C above pre-industrial levels and to pursue efforts to limit the temperature increase to 1.5°C above pre-industrial levels, recognising that this would significantly reduce the risks and impacts of climate change;
- Increasing the ability to adapt to the adverse impacts of climate change and foster climate resilience and low greenhouse gas emissions development, in a manner that does not threaten food production; and
- Making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development.



The Pension Fund as part of its responsible investment policy has become a signatory to Climate Action 100+ which was launched in December 2017 with the support of 225 investors representing \$26.3 trillion of assets. It now has 575 investors with assets of \$54 trillion under management. Scottish Borders Council Pension Fund became a signatory to this in March 2020.

Scottish Borders Council Pension Fund Annual Report and Accounts for the year to 31 March 2021

As a signatory the Fund gives it support to the Climate Action 100+ in its engagement with boards and senior management of companies to:

- Implement a strong governance framework which clearly articulates the board's accountability and oversight of climate change risks and opportunities;
- Take action to reduce greenhouse gas emissions across the value chain, consistent with the Paris Agreement's goals of limiting global average temperature increase to well below 2°C above pre-industrial levels;
- Provide enhanced corporate disclosure in line with the final recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) to enable investors to assess the robustness of companies' business plans against a range of climate and improve investment decision making.

Due to the work of Climate Action 100 and the support of signatories like Scottish Borders Council Pension Fund a number of key successes have been achieved by working companies such as BHP, Total, Shell and Southern Company all making improvements and commitments to Climate change targets.

SECTION 7

INDEPENDENT AUDITORS REPORT

Independent auditor's report to the members of Scottish Borders Council as administering authority for Scottish Borders Council Pension Fund and the Accounts Commission

Report on the audit of the financial statements

Opinion on financial statements

I certify that I have audited the financial statements in the annual report of Scottish Borders Council Pension Fund (the fund) for the year ended 31 March 2021 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Fund Account, the Net Assets Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 (the 2020/21 Code).

In my opinion the accompanying financial statements:

- give a true and fair view in accordance with applicable law and the 2020/21 Code of the financial transactions of the fund during the year ended 31 March 2021 and of the amount of disposition at that date of its assets and liabilities;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2020/21 Code; and
- have been 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.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](#) approved by the Accounts Commission for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I was appointed under arrangements approved by the Accounts Commission on 10 April 2017. The period of total uninterrupted appointment is five years. I am independent of the fund in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the council. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern basis of accounting

I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the fund's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

Risks of material misstatement

I report in a separate Annual Audit Report, available from the [Audit Scotland website](#), the most significant assessed risks of material misstatement that I identified and my judgements thereon.

Responsibilities of the Director - Finance & Corporate Governance and Scottish Borders Council Pension Fund Committee for the financial statements

As explained more fully in the Statement of Responsibilities, the Director - Finance & Corporate Governance is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Director - Finance & Corporate Governance determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Director - Finance & Corporate Governance is responsible for assessing the fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

The Scottish Borders Council Pension Fund Committee is responsible for overseeing the financial reporting process.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

- obtaining an understanding of the applicable legal and regulatory framework and how the fund is complying with that framework;
- identifying which laws and regulations are significant in the context of the fund;

- assessing the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the fund's controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Reporting on other requirements

Statutory other information

The Director - Finance & Corporate Governance is responsible for the statutory other information in the annual report. The statutory other information comprises the information other than the financial statements and my auditor's report thereon.

My responsibility is to read all the statutory other information and, in doing so, consider whether the statutory other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this statutory other information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the statutory other information and I do not express any form of assurance conclusion thereon except to the extent explicitly stated in the following opinions prescribed by the Accounts Commission.

Opinions prescribed by the Accounts Commission

In my opinion, based on the work undertaken in the course of the audit:

- the information given in the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements and

that report has been prepared in accordance with statutory guidance issued under the Local Government in Scotland Act 2003; and

- the information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Delivering Good Governance in Local Government: Framework (2016); and
- the information given in the Governance Compliance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with The Local Government Pension Scheme (Scotland) Regulations 2018.

Matters on which I am required to report by exception

I am required by the Accounts Commission to report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit; or

I have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

In addition to my responsibilities for the annual accounts, my conclusions on the wider scope responsibilities specified in the Code of Audit Practice, including those in respect of the Best Value, are set out in my Annual Audit Report.

Use of my report

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 120 of the Code of Audit Practice, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Gillian Woolman MA FCA CPFA
Audit Director
Audit Scotland
102 West Port
Edinburgh
EH3 9DN

CONTACT DETAILS

For further information and advice on administration, benefits and scheme membership please contact:

Pensions Team	Telephone 01835 – 825052/3
	E-mail pensions@scotborders.gov.uk

Scheme members should have a copy of the “Employees’ Guide to the Local Government Pension Scheme Administered by the Scottish Borders Council”, and can obtain their own copy of an Annual Report on request.

or visit Scottish Borders Council Pension Fund website at:
www.scottishborderscouncilpensionfund.org

For further information on the Fund’s investments, please contact

Kirsty Robb	Telephone 01835 – 825249
Pension & Investment Manager	E-mail krobb@scotborders.gov.uk

You can get this document on audio CD, in large print, and various other formats by contacting us at the address below. In addition, contact the address below for information on language translations, additional copies, or to arrange for an officer to meet with you to explain any areas of the publication that you would like clarified.

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