



SCOTTISH BORDERS COUNCIL PENSION FUND

GOVERNANCE POLICY AND COMPLIANCE STATEMENT

2026

**Finance
Version: 2026
draft: Pension Fund Committee 18 June 2026**

Introduction

This Statement documents the governance arrangements for the pension scheme administered by Scottish Borders Council. This version of the Governance Policy and Compliance Statement was considered by the Pension Fund Committee on 18 June 2026.

1. Administering Authority

- 1.1 Scottish Borders Council (the Council) is the Administering Authority for the Local Government Pension Scheme (LGPS) set up for the Scottish Borders geographic area, the Scottish Borders Council Pension Fund (the Fund).
- 1.2 The Council has delegated its pensions functions to the **Pension Fund Committee**.

2. Regulatory Framework

- 2.1 The Public Services Pensions Act 2013 set out the UK framework for the governance of Public Service Pensions and states that the responsible authority for LGPS (Scotland) scheme regulations is Scottish Ministers, and they have set out these within the Local Government Pensions Scheme (Scotland) Regulations 2018.
- 2.2 The Local Government Pension Scheme (Governance) (Scotland) Regulations 2015 provides the framework for the governance arrangements for the Scottish LGPS Funds.
- 2.3 The legislation referred to above identifies that the Pensions Regulator (TPR) has oversight of the Fund and requires compliance with the TPR's requirements.
- 2.4 The Pensions Regulator's (TPR) general code of practice came into force on 28 March 2024. The code contains governance requirements and sets out TPR's expectations of how occupational pension schemes should be managed and the policies, practices and procedures that should be in place. The General Code Compliance Tracker is maintained and reviewed to ensure ongoing compliance. Updates presented on a quarterly basis at the Joint meeting of the Pension Fund Committee and Board.
- 2.5 The Scottish Public Pensions Agency (SPPA) is responsible for supporting the Scottish Ministers in their role as responsible authority.
- 2.6 The Fund is open to all employees of scheduled bodies except for those whose employment entitles them to belong to another statutory pension scheme (e.g. Teachers). Employees of admitted bodies can join the scheme subject to those bodies meeting the statutory requirements and, on such terms, and conditions as the Council (as Administering Authority) may require. A list of scheduled and admitted bodies is attached in **Annex A**.
- 2.7 The Pension Fund Committee (the Committee) is a formal committee of Scottish Borders Council through which it exercises its role as Administering Authority.
- 2.8 The Pension Board (the Board) is established under the provisions of the Local Government Pension Scheme (Governance) (Scotland) Regulations 2015 with the remit to securing the Fund's compliance with the Regulatory Framework.

2.9 Financial affairs are conducted in compliance with the Council's Financial Regulations which have been formally adopted by the Pension Fund in 2012. The current SBC Financial Regulations were approved by Scottish Borders Council on 28 November 2024.

2.10 Funds are invested in compliance with the Fund's Statement of Investment Principles.

3. Pension Fund Committee

3.1 The Scheme of Administration for the Council specifies that the following functions shall be referred to the Committee:

All matters relating the Council's role as the 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.

3.2 The members of the Committee act as quasi-trustees and oversee the management of the Scottish Borders Council Pension Fund (the Fund).

3.3 Their overriding duty is to ensure the best possible outcomes for the Fund, its participating employers and scheme members.

3.4 The members' knowledge is supplemented by professional advice from Officers of the Council, professional advisers and external experts.

3.5 The Committee is comprised of seven Members of the Council.

3.6 The Independent Investment Consultant, the Director of Finance, HR Shared Services Manager, Chief Officer Audit & Risk and the Independent Professional Observer attend the Committee meetings as advisers.

3.7 The Committee meets at least quarterly. Additional meetings are called as appropriate.

3.8 The Committee papers and minutes are publicly available on the Council's website, unless they have been considered as private business in terms of Schedule 7A to the Local Government (Scotland) Act 1973. Minutes of the Committee are presented to the Council.

3.9 The **Pension Fund Investment and Performance Sub-Committee** (the Investment Sub-Committee) is a sub-committee established under the Council's Scheme of Administration.

3.10 The Investment and Performance Sub-Committee is comprised of nine members, being the seven members of the Pension Fund Committee and two non-voting members nominated by the Pension Board.

3.11 The Scheme of Administration for the Council specifies that the following functions shall be referred to the Investment and Performance Sub-Committee:

- a) Reviewing the Pension Fund's Statement of Investment Principles.
- b) Where appropriate, recommending changes to the Pension Fund Committee in relation to the Statement of Investment Principles.
- c) Ensuring appropriate investment management arrangements are in place for monies of the Pension Fund and to review investment manager performance.
- d) Overseeing the contractual review of the fund managers and investment adviser(s) and custodian.

- e) Where appropriate, making recommendations to the Pension Fund Committee in relation to the appointment or removal of a fund manager, investment adviser or custodian.
- f) Overseeing the overall approach to investment risk management and where appropriate recommending changes to the Pension Fund's Risk Register.

3.12 It is anticipated that the Investment and Performance Sub-Committee will meet at least three times a year and that the Chair will be the Chair of the Pension Fund Committee.

3.13 From time to time, the Committee may establish a further additional Sub-Group to address a specific issue or need. Any such Sub-Group will be chaired by a member of the Committee and the remaining membership of the Sub-Group will be appropriate to the purpose and may therefore include other members of the Committee. The minutes and decisions of these sub-groups will be presented to the Committee for noting and agreement.

4. Pension Board

4.1 The Council approved the Constitution for the Pension Board on 2 April 2015.

4.2 The Objectives of the Board are as follows:

The **Pension Board** is the body responsible for assisting the Scheme Manager in relation to:

- a) Securing compliance with the regulations and other legislation relating to the governance and administration of the Scheme and any statutory pension scheme that is connected with it;
- b) securing compliance with requirements imposed in relation to the Scheme and any connected scheme by the Pensions Regulator; and
- c) such other matters as the regulations may specify.

4.3 The Board also has the remit to determine the areas they wish to consider including, amongst others:

- a) Reports produced for the Pension Fund Committee;
- b) Seek reports from the Scheme Manager on any aspect of the Fund;
- c) Monitor investments and the investment principles/strategy/guidance;
- d) The Annual Report and Accounts for the Fund;
- e) External voting and engagement provisions in relation to investments;
- f) Pension Fund Administrative Strategy and associated performance;
- g) Actuarial reports and valuations;
- h) Funding Strategy Statement and associated policy; and
- i) Any other matters that the Board deems appropriate within the responsibilities set out in 4.2 above.

4.4 The Board will consist of eight members and will consist of equal numbers of trade union representatives and employer representatives. The Board's current membership is as follows:

Employer Representatives	Borders College Scottish Borders Council South of Scotland Enterprise (SOSE) Live Borders
Trade Union Representatives	Unison – 2 members Unite – 1 member GMB – 1 member

4.5 There will be a Chair and Vice-Chair for the Board and will be rotated at the June meeting between the Trade Union and Scheme Employer Representatives on the Board.

5. Meetings

- 5.1 While the statutory roles and function of the Committee and Board are separate, the normal practice will be that both bodies will meet at the same time to consider the same agenda, with the Chair of the Pension Fund Committee chairing the concurrent meeting. The Pension Board meet separately after the joint meeting of the Pension Fund Committee and Board.
- 5.2 The process for resolving any differences between the two bodies is set out in the Council's Scheme of Administration and the Board's Constitution.

6. Administration and Management of the Fund

6.1 Director of Finance

- i The Council's Director of Finance is the Officer with responsibility to ensure proper administration of the Council's financial affairs in terms of Section 95 of the Local Government (Scotland) Act 1973.
- ii They are responsible for:
 - a) the financial accounting of the Fund,
 - b) the preparation of the Pension Fund Annual Report, and
 - c) being the principal advisor on investment management to the Council in its capacity as Trustee to the Fund and as the Fund's Administering Authority.

6.2 The day-to-day management of the investment activities of the Fund is managed within the Finance Service, supported by the Independent Investment Consultant.

6.3 Director People, Performance & Change

- i The pension benefits policy oversight and day-to-day administration for the Fund is managed by the Human Resources Shared Services Team.

7. Professional Advisers and External Service Providers

- 7.1 Hymans Robertson has been appointed to act as Actuary to the Fund. The services provided include advice on funding and actuarial valuations.
- 7.2 Isio is the Independent Investment Consultant employed by the Council to advise the Committee on investment strategy.
- 7.3 The Fund has appointed investment managers who have responsibility for the selection, retention and realisation of individual investments. Where appropriate, they also implement the Committee's policy in relation to corporate socially responsible investment and corporate governance.
- 7.4 Northern Trust is the global custodian for the Fund and is responsible for the safekeeping of the assets including transaction processing and making tax claims.

8. Internal and External Review

- 8.1 The annual financial statement of the Fund is subject to a statutory external audit, as part of the process to ensure that public funds are properly safeguarded and accounted for. The current external auditors appointed for a 5-year period 2022/23-2026/27 are Audit Scotland. The Scheme of Administration for the Council specifies that the following related function shall be referred to the Pension Fund Committee:
 - Review the Pension Fund's audited Statement of Accounts and the Annual Audit Report from the External Auditor to members and the Controller of Audit, prior to submission to Council.
- 8.2 The Council provides Internal Audit arrangements to the Fund both as a tool of Management and with direct reporting to the Pension Fund Committee as the governance body. Internal Audit services are provided in conformance with the Global Internal Audit Standards in the UK Public Sector (GIAS) which came into effect on 1 April 2025. The Scheme of Administration for the Council has been updated and approved on 25 September 2025 to specify that the following functions shall be referred to the Pension Fund Committee, to ensure compliance with the new CIPFA 'Code of Practice for the Governance of Internal Audit', specifically to address the 'essential conditions' set out in GIAS Domain III: Governing the Internal Audit Function:
 - Approve the risk-based Internal Audit Annual Plan for the SBC Pension Fund, aligned to its objectives.
 - Receive communications from the Chief Audit Executive about the Internal Audit function including its performance relative to its Plan for the SBC Pension Fund, including conformance with professional standards.
 - Receive communications from the Chief Audit Executive on the statutory annual audit opinion on the level of assurance of the adequacy of governance, risk management and internal controls of the SBC Pension Fund, based on Internal Audit findings and conclusions arising from relevant work undertaken over the year, to inform the annual governance review process.
 - Oversee the implementation of agreed actions arising from relevant Internal Audit work for the SBC Pension Fund.

9. Risk Management

- 9.1 The Fund's commitment to a strong control environment to ensure that risks are identified, evaluated, managed and monitored appropriately, is reflected in its standalone Risk Management Policy and Risk Management Strategy 2024-2026 (approved March 2024), aligned to its objectives, governance and administration. This includes the quarterly review of the Fund's strategic risks on a themed basis with associated Risk Register Updates being presented quarterly at the joint meetings of the Pension Fund Committee and Pension Board.
- 9.2 Risk awareness is embedded into the investment performance management process.

10. Access to Information

- 10.1 Committee papers and minutes are available via the Council Papers website [Browse meetings - Pension Fund Committee and Pension Board - Scottish Borders Council](#)
- 10.2 The Fund's Annual Report and Accounts is available via the Fund website [Publications | Scottish Borders Council](#) An electronic copy of the full version of this report is provided to the scheduled and active admitted bodies of the scheme and a summary of the review is provided to all Fund members.
- 10.3 This Governance Policy and Compliance Statement and all supporting statements and policies are available on the Fund website [Publications | Scottish Borders Council](#)

11. Review and Compliance with Best Practice

- 11.1 This Statement will be kept under review and will be revised and published following any material change in the governance arrangements of the Fund.
- 11.2 The Local Government Pension Scheme (Scotland) Regulations 2018 require 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 Governance Compliance Statement (**Annex B**) that demonstrates the Fund's status against these standards is set out in the Annual Report and Accounts for the Fund.

Annex A

Scottish Borders Council Pension Fund

Scheduled and Admitted Bodies

Scheduled Bodies

- Borders College
- Scottish Borders Council

Admitted Bodies

Active Admitted Bodies

- Amey Community Limited (closed to new members)
- BC Consultants
- Scottish Borders Housing Association (closed to new members)
- Live Borders
- CGI (closed to new members)
- South of Scotland Enterprise (SOSE)

Admitted bodies with Deferred or Retired Members only

- Berwickshire Housing Association
- Heriot Watt (former Scottish College of Textiles)
- Project '80 Council Burnfoot
- Red Cross Housing Association
- Scottish Borders Careers
- Lothian and Borders Community Justice Authority
- Gala Youth Project
- Jedburgh Leisure Facilities Trust

Annex B

GOVERNANCE COMPLIANCE STATEMENT

The Pension Fund sets out its governance arrangements within the Governance Policy and Compliance Statement (as amended 24 June 2025).

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

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	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’). The Committee comprises 7 elected Members. The Council’s Scheme of Administration sets out the Committee’s remit.
B	LGPS employers, admitted bodies and scheme members (including pensioner and deferred members) are represented by 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 Council’s Scheme of Administration set out how disputes between the two bodies should be resolved.</p>

Principle		Full Compliance	Comments
			<p>The Board meet independently of the Committee on a quarterly basis. This meeting takes place directly after the Joint meeting of the Committee and Board.</p> <p>The Investment and Performance Sub-Committee (the Sub-Committee) established under the Committee and its remit is set out in the Council’s Scheme of Administration. Membership of the Sub-Committee is seven elected Members from the Pension Fund Committee and two (non-voting) members from the Board.</p>
C	Where a secondary committee or panel has been established, the structure ensures effective communication across both levels	Yes	<p>Minutes of the Sub-Committee and any other Sub-Groups are submitted to the Pension Fund Committee for approval.</p> <p>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.</p>
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	<p>The Council’s Scheme of Administration states that any Sub-Group established will have member(s) of the Committee as part of its membership.</p>
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 pension scheme	Yes	<p>The Pension Board and Pension Fund Committee meet jointly ensuring employer and member (trade union) representation at meetings.</p> <p>The Investment and Performance Sub-Committee has two non-voting members from the Board.</p> <p>The Independent Investment Consultant, Finance Officers, Chief Officer Audit & Risk, HR Officers and the Independent Professional Observer also attend in an advisory capacity.</p>

Principle		Full Compliance	Comments
	members)., (iii) where appropriate, independent professional observers, and (iv) expert advisors (on an ad-hoc basis)		
B	Where non-elected 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 the decision-making process, with or without voting rights.	Yes	All members of the Committee and Board are covered equally by the Training Policy (as amended annually). The Board was established by Council on 2 April 2015. The Council’s Scheme of Administration defines responsibilities for the Pension Fund Committee, and the Pension Board Constitution, provides for joint meetings, with equal rights to receive papers and access meetings.
Selection and role of non-elected 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 elected Members 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. Non-elected members will follow SBC Employee Conflicts of Interest Policy.

Principle		Full Compliance	Comments
			<p>Elected members should adhere to the Code of Conduct for Councillors.</p> <p>Conflicts of Interest Policy introduced for the Pension Fund and approved by Committee at the joint meeting of Pension Fund Committee and Board in December 2024. This policy aims to identify, manage, and mitigate any conflicts of interest that could arise in the governance, management and administration of the Pension Fund to ensure that decisions are made in the best interests of scheme members.</p>
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	<p>This is set out in the Council's Scheme of Administration and the Pension Committee and Board's Constitution.</p> <p>Only members of the Pension Fund Committee have the right to vote. The Pension Board have the right to challenge any decisions made by the Pension Fund Committee.</p>
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 in respect of members involved in the decision-making process.	Yes	Members' expenses are managed under the Council's policies. The Training Policy covers the reimbursement of training related expenses.
B	Where such a policy exists, it applies equally to all members of committees, sub-committees, advisory panels or any other	Yes	The training policy for all members of the Board and Committee is approved annually.

Principle		Full Compliance	Comments
	form of secondary forum.		
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 and Performance Sub-Committee meets three to four times per year separate to the joint Committee/ Board meetings.
C	An administering authority who does not include non-elected members in their formal governance arrangements, must provide a forum outside of those arrangements by which the interests of key stakeholders can be represented.	Yes	The Pension Board formally provides for stakeholders' engagement as it includes both elected and non-elected members. Annual employee liaison meeting, annual newsletter and online portal.
Access			
A	Subject to any rules in the Council's Constitution, all members of main and secondary committees or panels have equal access to committee	Yes	Papers sent to all Committee/ Board members as detailed in the Council's Scheme of Administration.

Principle		Full Compliance	Comments
	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 Council's 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.

VERSION CONTROL TABLE

Version	Nature of Amendment	Date of Change	Author
2010 1.0	Creation of Governance Statement	24 February 2010	L Mirley
2010 1.1	Final Draft for Pension Fund Sub-Committee	2 March 2010	L Mirley
2010 2.0	Sub-Committee Approved Version	11 March 2010	L Mirley
2011 1.0	Final Draft for Pension Fund Sub-Committee and Annual Report	30 August 2011	L Mirley
2012 1.0	Updated for amendment to Scheme of Administration and update of Pension Fund Annual Report and Accounts 2011/12	12 June 2012	L Mirley
2013 1.0	Final Draft to reflect proposed changes to Scheme of Administration	18 June 2013	L Mirley
2013 2.0	PFC approved version	19 June 2013	K Robb
2014 1.0	Final Draft for Pension Fund Committee and Annual report.	17 June 2014	K Robb
2015 1.0	Final Draft for Pension Fund Committee updated to reflect the introduction of Pension Boards	1 June 2015	L Mirley
2016 1.0	Final draft for Pension Fund Committee updated to reflect post implementation of Pension Board	05 May 2016	K Robb
2017 1.0	Final draft for Pension Fund Committee updated to reflect Pension Boards fully	21 March 2017	K Robb
2018 1.0	Final draft for Pension Fund Committee updated to reflect website	14 June 2018	K Robb
2019.1	Final draft for Pension Fund Committee updated to reflect changes in governing legislation and new actuary	13 June 2019	K Robb
2020.1	Draft for Pension Fund Committee to reflect title changes	22 June 2020	K Robb
2021.1	Draft for Pension Fund Committee to reflect change of Board members and changes to admitted bodies	10 June 2021	K Robb
2023.1	Draft for Pension Fund Committee to reflect minor updates	22 June 2023	S Douglas
2024.1	Draft for Pension Fund Committee – updated to reflect consideration of General Code March 2024.	21 June 2024	J Murray
2025.1	Draft for Pension Fund Committee updated to reflect minor updates to sections 2.4 General Code compliance update, 3.12 amended wording to clearly define frequency of Investment Sub-committee meetings, 4.4 noted Live Borders vacancy, 9.1 updated to reflect Risk Management Policy and	24 June 2025	J Murray

	updates for further clarifications made to Annex B.		
2026.1	<p>Draft for Pension Fund Committee updated to reflect minor updates to sections 2.4 General Code compliance Tracker narrative amended to note this is now in effect; 2.9 Updated to reflect the current SBC Financial Regulations were approved by Scottish Borders Council on 28 November 2024.</p> <p>3.6 Updated to reflect attendance of the Independent Professional Observer at the Joint meeting of the Committee and Board; 4.4 removed ref to Live Borders vacancy. Removed original para 8.2 re SBC Audit Committee as this practice is no longer applied (rather the PFC undertakes this function) and update text for paragraphs 8.1 and 8.2 (renumbered formerly 8.3) to reflect actual practices. The enhancements to new para 8.2 are intended to reflect those that I outlined during the joint Development Session on 27 May 2026 to ensure transparent disclosure of GIAS requirements as it relates to the Fund. Updated 9.1 to reflect actual risk management practices. Updates for further clarifications made to Annex B.</p>	18 June 2026	J Murray

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

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