

ITEM No ...6(a).....

REPORT TO: PENSION SUB-COMMITTEE OF THE CITY GOVERNANCE COMMITTEE & PENSION BOARD – 22 SEPTEMBER 2025

REPORT ON: TAYSIDE PENSION FUND 2024/2025 ACCOUNTS AND AUDIT

REPORT BY: EXECUTIVE DIRECTOR OF CORPORATE SERVICES

REPORT NO: 255-2025

1 PURPOSE OF REPORT

To report on the outcome of the external audit of Tayside Pension Fund for the year to 31 March 2025. A copy of the External Auditor's Annual Audit Report (Report No 257-2025) and the Draft Audited Annual Report and Accounts 2024/2025 for the Tayside Pension Fund (Report No 256-2025) are also to be considered.

2 RECOMMENDATIONS

It is recommended that the Committee notes the contents of External Auditor's Annual Audit Report, in particular that Audit Scotland anticipate issuing an unqualified audit opinion.

3 FINANCIAL IMPLICATIONS

None.

4 MAIN TEXT

4.1 Introduction

External audit is one of the key methods by which the activities and performance of local government are independently scrutinised and reported upon. The external audit of Tayside Pension Fund for the financial year 2024/2025 was carried out by Rachel Browne, Audit Director, Audit Services, Audit Scotland. The Auditor General for Scotland and the Accounts Commission for Scotland appointed Audit Scotland for a five-year period, 2024/25 being the third year of the new appointment.

The 2024/2025 Unaudited Statement of Accounts was circulated to elected members and to Audit Scotland on 23 June 2025, in line with the statutory deadline. The Accounts have been subject to a three-week statutory public inspection period, and no objections were received.

4.2 External Auditor's Annual Audit Report

Audit Scotland have now completed their audit work and, in accordance with auditing standards (ISA 260), they are now required to report the outcome of their work in relation to the financial statements. This requirement is addressed via their Annual Audit Report. The report is divided into the following five key areas:

- Audit of 2024/2025 annual accounts
- Financial Management
- Financial Sustainability
- Vision, Leadership and Governance
- Use of resources to improve outcomes

4.3 Conclusions

The External Auditor has undertaken a thorough and wide-ranging review of the financial statements and the processes and procedures around their preparation. Their audit of the annual accounts confirms that the financial statements were free from material misstatement. The management commentary, annual governance statement and governance compliance statement were all consistent with the financial statements and properly prepared.

The audit highlighted that net assets of the fund had increased by 13.1 per cent to £5.566 billion as at 31 March 2025, although the annual fund investment return was below the benchmark set. Also highlighted was the improvement of Fund administration performance against key targets from the previous year.

In respect of financial sustainability, based on the most recent funding valuation and the net asset position at 31 March 2025, Audit Scotland currently have no concerns about the financial sustainability of the fund or the viability of the funding strategy.

The audit found that the fund has effective and appropriate arrangements in place for Financial Management; Financial Sustainability; Vision, Leadership and Governance; and Use of Resources to Improve Outcomes; as well as Dundee City Council, as administering authority, has appropriate arrangements in place for securing Best Value at Tayside Pension Fund.

It also found that Governance arrangements are generally appropriate, but that the training needs assessment for Pension Sub-committee and Pension Board members should be completed and used to inform training plans.

5 **POLICY IMPLICATIONS**

This report has been subject to the Pre-IIA Screening Tool and does not make any recommendations for change to strategy, policy, procedures, services or funding and so has not been subject to an Integrated Impact Assessment. An appropriate senior manager has reviewed and agreed with this assessment.

6 **CONSULTATIONS**

The Chief Executive and Head of Democratic and Legal Services has been consulted on the content of this report.

7 **BACKGROUND PAPERS**

None

PAUL THOMSON
EXECUTIVE DIRECTOR OF CORPORATE SERVICES

15 SEPTEMBER 2025