

Draft Audited

Annual Report and Accounts

2024/25



Tayside
Pension Fund

Administered by Dundee City Council

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ABOUT THE FUND

Tayside Pension Fund has been administered by Dundee City Council since 1st April 1996. It is part of the Local Government Pension Scheme (LGPS), which is a statutory scheme established under the primary legislations of the Superannuation Act 1972 and Public Service Pensions Act 2013.

As at 31 March 2025, Tayside Pension Fund had investment assets of c.£5.6 billion, and a membership of over 58,900 across 40 participating employers. These participating employers include 3 local authorities, as well as their subsidiary companies and contractors; a number of universities and colleges; and a range of organisations with funding or service links to local government.

There are approximately 100 LGPS funds in the UK, with 11 of these in Scotland. Tayside is the 4th largest of the 11 Scottish LGPS funds in asset size. The LGPS is a multi-employer defined benefit scheme, whose benefits up until 31st March 2015 were based upon final salary. Since this date, benefits are based upon career average.

The rules by which the LGPS scheme operates by are set out in the Local Government Pension Scheme (Scotland) Regulations which are Scottish Statutory Instruments (SSIs). Separate regulations set out scheme benefits, investment, and governance requirements.



Foreword by the Executive Director of Corporate Services

The aim of the Annual Report of Tayside Pension Fund is to provide relevant information on the investments and financial statements of the Fund. It should also inform our members, employers and other interested stakeholders more about the Fund's activities and performance throughout the financial year, and having taken on my role as the Fund's responsible officer in March, following the departure of Robert Emmott, I am pleased to introduce the Annual Report and Financial Statements for 2024/25 which shows the Fund maintaining stability, following an extremely challenging year across both the global environment and its effects on financial markets, as well as dealing with the implications of changing regulations and governance requirements.

The financial year ending 31 March 2025 has been marked by a complex and evolving global economic environment, presenting both challenges and opportunities for long-term investors like the Fund. As stewards of our members' retirement security, we have navigated this period with a focus on resilience, prudence, and adaptability. With this in mind, in the autumn we worked with our advisors to review our investment strategy to ensure that the fund remains on a stable footing, with diversification, stability and long-term value creation. Following approval of this revised strategy, we are now in the process of implementing the recommendations made and undergoing a number of asset transitions.

The implementation of the McCloud remedy and the development of pensions dashboards have significantly reshaped our administrative operations over the past year. Gaining the required extensive data, and the essential reconciliations and system upgrades required by McCloud has required close collaboration with scheme employers and system providers. Whilst this would be a challenge in itself, the simultaneous preparation for pensions dashboards onboarding has demanded robust data readiness, improved member record accuracy, and enhanced digital infrastructure to ensure real-time access to pension information. These initiatives, while resource-intensive, have strengthened our commitment to transparency, compliance, and member engagement.

I would like to take this opportunity to extend my sincere thanks to the Fund officers, staff, and employers for their continued dedication and hard work. Their commitment is instrumental in maintaining the strength and stability of the Fund. It has been a pleasure to work alongside them, as well as with the Sub-Committee and Board, as we continue to deliver high-quality services to both our members and employers in the year ahead.

Paul Thomson
Executive Director of Corporate Services



Report by the Chair of the Pension Sub-Committee

As the administering authority for the Tayside Pension Fund, Dundee City Council has delegated responsibility for all matters relating to the Fund's investment strategy and governance to its Pension Sub-Committee. This Sub-Committee comprises six elected members of Dundee City Council, and it is both their duty and mine, as Chair, to ensure that the Fund fulfils its primary objective: to provide pension benefits to members upon retirement. We are also committed to ensuring full compliance with the Local Government Pension Scheme (LGPS) Regulations and all other applicable legislation.

The past year has been characterised by persistent global economic uncertainty, evolving monetary policy, and an unprecedented level of geopolitical risk. These factors have contributed to sustained market volatility across asset classes.

Against this challenging backdrop, the Fund's value recorded a modest increase. However, Fund performance for the year fell short of expectations, ending 1.95% below benchmark. While bond portfolios delivered relative resilience, most other asset classes underperformed, which also impacted longer-term performance figures.

In response to the shifting economic landscape, the Pension Sub-Committee welcomed the review of the Fund's investment strategy. This review supported a continued reduction in equity exposure in favour of assets more closely aligned with inflation protection, particularly through an increased allocation to alternative investments. Looking ahead, we anticipate the recruitment and appointment of a dedicated Alternatives Manager. This role will oversee a portfolio of opportunistic investments with a strong emphasis on environmental, social, and local impact, further reinforcing the Fund's commitment to responsible investment.

On the administrative front, the Fund has continued to experience growth in membership and associated caseloads, placing pressure on resources. Despite these challenges, the Pension Administration team has implemented process improvements that have led to enhanced performance. This progress is especially commendable given the additional demands of implementing the McCloud Remedy (addressing age discrimination in public sector pensions) and preparing for the introduction of Pension Dashboards.

On behalf of the Sub-Committee, I would like to extend our appreciation to the Fund's staff and participating employers for their dedication and hard work. The scale and complexity of these initiatives require significant effort behind the scenes, and their successful delivery is a testament to the professionalism and commitment of all involved.

As we look to the year ahead, I remain committed to my role and, together with my colleagues on the Sub-Committee and Pension Board, will continue to provide strong governance and strategic oversight. I would like to close by offering my sincere thanks to all officers and staff for their continued dedication to the Tayside Pension Fund.

Baillie Willie Sawers
Chair of Pension Sub-Committee



Report by the Chair of the Pension Board

The Pensions Board plays a vital role in ensuring compliance with the legislative framework governing the Local Government Pension Scheme (LGPS), as well as with the standards set by The Pensions Regulator. Representing both employers and scheme members, the Board contributes meaningfully to the effective governance and oversight of the Tayside Pension Fund.

Since my appointment to the Board in 2022, I have worked collaboratively with fellow members to strengthen scrutiny, provide constructive oversight, and support the strategic direction of the Fund. Over the past year, the Board has continued to fulfil its core responsibilities, ensuring compliance with relevant legislation and regulation while playing a key role in reinforcing governance and promoting the best interests of all stakeholders.

Board members have actively participated in Pension Committee meetings and have been fully engaged in discussions. The fact that the Board has not found it necessary to refer any Committee decisions for review is, in my view, a positive reflection of the effectiveness of the Fund's governance and administration. The Board has also contributed to the recent investment strategy review, which led to adjustments in asset allocation and benchmarks in response to ongoing global volatility and heightened geopolitical risk.

The increasing demands on fund administration have presented significant challenges over the past year. Meeting the enhanced compliance requirements of The Pensions Regulator's Single Code of Practice, addressing the rectification of cases affected by age discrimination (as mandated by the McCloud judgment), and preparing for the Fund's staging date for the Pensions Dashboard have all placed considerable pressure on administrative resources. These responsibilities have been managed alongside a continued rise in caseloads, underscoring the resilience and dedication of the Fund's staff.

I would like to formally acknowledge and commend the efforts of the Fund's staff and officers for their commitment to maintaining compliance and embedding best practice into their processes. I also extend my appreciation to my colleagues on the Board and Sub-Committee for their ongoing dedication to the sound governance of the Fund. The Board welcomes the opportunity to review the resources required to meet these additional responsibilities and ensure continued stability and compliance.

The Board remains acutely aware of the challenges facing the LGPS and is committed to working proactively with the Pension Sub-Committee and Fund Officers to uphold high standards of governance and ensure best practice wherever possible.

As the role of Chair rotates annually, I would like to take this opportunity, on behalf of the Board, to express our sincere thanks to the Officers and staff of the Fund, as well as our employers for their commitment to the membership. We look forward to continuing our collaborative work in the year ahead.

**Councillor Bill Duff (Angus Council)
Chair of Tayside Pension Board**

MANAGEMENT COMMENTARY

Introduction

The Annual Report has been prepared in accordance with the Code of Practice on Local Authority Accounting for the United Kingdom 2024/25 which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector, and the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003. It is intended to keep members, employers and other interested stakeholders informed about the administration and performance of the Local Government Pension Scheme (LGPS) Fund that Dundee City Council is responsible for administering. Since the repatriation of Tayside Transport Fund back to the main fund on 30th June 2017, the funds have been managed as one entity.

Purpose and Aims

The purpose of the Fund is to receive monies in respect of contributions and invest appropriately in order to pay out the required monies in respect of Local Government Pension Scheme (the Scheme) benefits.

In order to achieve this, the fund aims to ensure that:

- sufficient resources are available to meet all liabilities as they fall due
- employer contribution rates to be kept as nearly constant as possible and at reasonable cost
- employer's liabilities are managed effectively
- income from investments is maximised within reasonable risk parameters

Policies, Strategies & Objectives

The primary objective of Tayside Pension Fund is to provide for scheme members' pension and lump sum benefits on their retirement or for their dependants on death before or after retirement, on a defined benefits basis. In order to achieve their objectives, the Fund have policies and strategies which are agreed by the Pension Sub-Committee and set out in their policy and strategy documents.

The following existing investment policies and strategies underwent review over the year:

- Annual Governance & Governance Compliance Statement
- Treasury Management Policy & Strategy
- Administration Strategy
- Communications Policy

Further information can be found at our website:

<https://www.taysidepensionfund.org/resources>

2024/2025 Events and Activities

Investment

Following the appointment and funding of the new mandates Partners Group (Direct Private Markets), Apollo (Multi-asset Credit), and LGIM (Buy & Maintain), the new portfolios commenced operation in the at the start of the financial year.

The Fund undertook an Investment Strategy review with the assistance of investment advisors, Isio Ltd. This was approved at the December meeting of the Pension Sub-Committee and Pension Board. The outcome of this was a rebalancing exercise carried out in March and a change to investment benchmarks, which become effective at the start of the new financial year.

Changes to Regulation / Legislation

SI2024-243	The Guaranteed Minimum Pensions Increase Order 2024
SI2024-372	The Pension Increase Review Order 2024
SI2024-249	The Social Security (Contributions) (Rates, Limits and Thresholds Amendments and National Insurance Fund Payments) Regulations 2024
SI2024-290	The Public Service Pensions Revaluation Order 2024
SI2024-284	The Social Security Revaluation of Earnings Factors Order 2024

Further details and links to the above is provided within the Administration Section.

Consultations

- Draft Local Government Pension Scheme (Scotland) (Amendment) (No. 2) Regulations 2024
The consultation sought the views of on the draft Local Government Pension Scheme (Scotland) (Amendment) (No. 2) Regulations 2024 ('the Regulations'). The Regulations propose changes to exit credits.
- Consultation: Draft Local Government Pension Scheme (Remediable Service) (Amendment) (Scotland) Regulations 2024
The consultation sought the views on the draft Local Government Pension Scheme (Remediable Service) (Amendment) (Scotland) Regulations 2024 ('the Amendment Regulations').

I.T. Developments

- I-Connect

The team have continued during this year to engage with employers on the use of the system. Some employers have been experiencing issues and plans have been put into to try and enable them to have fully operational use from April 2025.

- Member Self Service

All new joiners into the fund are now provided automatically with MSS registration instructions from their first communication, along with details on the right to opt out receiving communications in this format if they wished to do so. The system is utilised by members once registered to update personal details, receive communication from the fund and project calculations. At the 31st March 2025, 18,032 individual users were registered.

Heywood who are the system providers have advised that the Member Self Service portal will be replaced by a new system named Engage and Member Self Service will no longer be available from January 2026.

- Contact Centre

Since the call centre launch in 2022, the team effectively manage the high call volumes that are received. A total of 11,544 calls were received in 2024/25 with team receiving an average of 44 calls per day.

- Altair Database Server upgrade

During the year, the servers upon which the Altair databases are held were upgraded.

Training, Development and Communication

- Pension Sub-Committee, Board, and Officer training offered throughout 2024/25:

	Topic	Key Areas
Governance	Governance of LGPS in Scotland	LGPS regulation and oversight
		Role of Scheme advisory board
		Role of administering authority
		Role of LGPS Pension Boards
		Fiduciary Duty
		LGPS conflicts of interest
	An introduction to The Pensions Regulator	Role of The Pensions Regulator
		Codes of Practice
		Monitoring performance on key processes
	Good Governance Review E&W	Reporting breaches
		(2021) Good Governance recommendations
		Good Governance and fund structure
	LGPS Focus	Key fund strategies and statements
		Knowledge and skills
		How do we implement Good Governance
	Review of the operating model	Assessing current landscape of the LGPS
		Update on the latest LGPS issues
		Governance Structure Insights
Investment	Collaboration	Separation from Council
		Challenges in Recruitment
		Future-Proofing Initiatives
		Case for collaboration
		Climate infrastructure and regional investing
		Investing in Natural Capital
		Climate scenarios
		Creating value and generating positive social outcomes
		Opportunities of UK investment and infrastructure
	Development of a Scottish Energy Transition Portfolio	
	Economic Overview	Improving the sustainability of Scottish LGPS
		Global economic landscape
		Geopolitical threats & possible impact of US election
	Income and growth. Supporting the short and long-term goals of the LGPS	Investment opportunities
		Credit risk sharing
		Diversification benefits
		Growth potential in equity markets
	Investing in agriculture	Need for strategic adaptability
Diversification, Sustainability and Profitability		

		Macroeconomic Trends and Long Term Performance
	Different way to generate absolute returns	Understanding the New Market Regime
		Alternative Strategies
		Investment Flexibility
	Future investment strategies and emerging trends	Investment in Sustainability
		Blue Bonds
		Role of Fixed Income
		Climate and Water Nexus
	Housing market	Investment options
		Balancing social impact with returns
ESG opportunities in housing		
ESG	ESG in Multi Asset Credit Portfolios	Challenges of carbon transition
		Issues of invisible carbon emissions
		Trade off in returns for socially responsible investing
		Shift from high carbon assets
		Influencing cost of capital
	Climate change	Issues of financial risk assessments
		Scenario based modelling
		Climate risk management
		Transitioning
		Market behaviours
		Risk Metrics
Administration	Latest issues in administration	McCloud Remedy
		Pensions Dashboard
		Single TPR Code
		Cost Cap Valuation

- Staff Training

The following training was provided to staff:

Topic	Provider	Training Method
McCloud - Qualifying criteria, calculations, and complex cases - System Updates	Hymans Robertson Heywood	MS Teams Online seminar
GDPR	Dundee City Council	E-Learning
Pension Dashboard	TPR, PDP	MS Teams
System Updates	Heywood	Online seminar
I-Connect	In-house	In person & MS Teams
Member Self Service	In-house	In person & MS Teams
Insights	In-house	In person & MS Teams
Heywood – TEC Modules	In-house	In person
Planning & Delivering a Presentation	Quest	In person

- Employer / Members Sessions

The following sessions were held online over the year:

	Topic
Employers	Meetings were held through the year with various employers on subjects covering, I Connect, VER, Certificate of Protections and McCloud
DCC, Angus & PKC	In person and Teams meetings held on the new ill health guidance and processes
Members	Ad hoc MS Teams sessions and in person meetings as and when required to fully meet the needs of the members. Sessions were held on such topics as annual allowance, retirement, and transfers queries.

Working Arrangements

Staff work within the hybrid working arrangement with 2 days a week in the office and 3 days at home. This allows effective service delivery to members and employers with the option of in person meetings in Dundee House or to utilise Microsoft Teams for online appointments.

Priorities remain in line with the relevant guidance. We continue to offer support for areas of service disruption and financial challenges, offering flexible arrangements in-keeping with the circumstances and legislation.

Fund Update

Membership

The Local Government Pension Scheme is voluntary and is open to all employees of the Scheduled and Admitted Bodies. A list of Tayside Pension Fund's scheduled and admitted bodies can be found on page 93 with membership totals shown below:

	<u>31 March 2024</u>	<u>31 March 2025</u>
Contributing Members	18,765	19,232
Pensioners	18,645	19,497
Deferred Pensioners	11,774	11,758
Undecided or Frozen	7,721	8,449
	<u>56,905</u>	<u>58,936</u>

Membership Funding

The Funds are financed by the contributions made by members and their employers as well as income earned from the investment of the Funds' monies.

The employees' contribution levels are tiered based on a percentage of pensionable pay. Contributions are made by active members of the Fund in accordance with the LGPS (Scotland) Regulations 2014 and range from 5.5% to 12.0% of pensionable pay. Employer contributions are set based on triennial valuations undertaken by actuaries in accordance with Regulation 60 of the Local Government Pension Scheme (Scotland) Regulations 2014. The employers' contribution levels are reviewed every three years by the Funds' actuaries as part of their actuarial valuation of the Fund.

Paying due regard to the Fund's Funding Strategy whilst maintaining consistency of rate, solvency of the Fund, and long-term cost efficiency; as at 31st March 2023, the Fund's actuary, Barnett Waddingham recommended that the common employer contribution for active employers be reduced to 15.7% of payroll cost for the period of 1st April 2024 to 31st March 2027.

Performance

- Fund Investment

The current investment strategy ensures that investment performance is effectively managed and monitored by the governance arrangements, where decisions are delegated to the Pension Sub-Committee of the Policy and Resources Committee. Investment decisions are made based on advice from Council Officers and professional external advisers. These decisions are scrutinised by the Pension Board who meet with the Pension Sub-Committee on a quarterly basis.

The strategic asset allocation of funds is as follows (following the Investment Strategy Review approved on 9th December 2024):

Strategic Allocation	%	Allocation 31 March 2025	%
Equities	65%	Equities	67.4
Bonds	13%	Bonds	13.1
Property	12%	Property	12.4
Alternatives	10%	Alternatives	7.1

In the year to 31 March 2025, the Fund ended 1.95% behind benchmark, with underperformance across all portfolios except the bond portfolios. Markets experienced mixed performance amid global economic uncertainty. UK equities showed resilience, supported by sector strength, while bond and gilt markets remained volatile due to shifting monetary policy and geopolitical risks. The UK property sector began a cautious recovery, and inflation moved closer to target, though core pressures persisted and interest rates held steady.

Over the year, the fund marginally rose from £5.494bn to £5.566bn by 31 March 2025. Performance has been impacted, and only 10-year performance and beyond remains above benchmark. Full economic brief and individual portfolio performance is detailed further within the Investment Section of the report.

- Administration

Pension administration continues to endure challenges with rising task volumes and ongoing changes to regulations, which increase training requirements to maintain and enhance the knowledge and skillset within the team. The team continue to work closely with employers to provide support and address operational needs.

In compliance with The Pensions Regulator's Code of Practice, procedures and documentation are in place for logging and reporting breaches. Breaches are logged internally and if assessed to be material they are required to be reported to the Regulator. During the financial year, there was one material breach encountered due to McCloud underpin information not being included in the Annual Benefit Statements. This breach was resolved when the regulations were updated retrospectively.

Further information can be found at our website: <https://www.taysidepensionfund.org/resources/>

Risk Management

- Risk Management Policy & Strategy

The current Risk Management Policy & Strategy has been in place since June 2022, although reviewed annually. The purpose of the Policy and Strategy is to effectively mitigate risks which may otherwise impact on achievement of the Fund's objectives, by implementing comprehensive risk management arrangements. These arrangements include, among others: development and maintenance of comprehensive risk registers; setting out of responsibilities for the management and escalation of risks; and responsibility for regular review and updating of Policy and Strategy.

The Policy and Strategy of Tayside Pension Fund have been framed in line with that of the administering authority, in that the recognition of the requirements for effective corporate governance and the benefits of risk management as an organisational management tool. This will assist the Fund in ensuring that risks which may impact on the achievement of objectives are effectively managed.

Further information can be found at our website <https://www.taysidepensionfund.org/resources/>

The following summarises the key risks which are monitored and presented quarterly:

- Failure to process pension payments and lump sums on time
- Failure to collect and account for contributions from employers and employees on time
- Insufficient funds to meet liabilities as they fall due
- Inability to maintain service due to loss of main office, computer system or staff
- Loss of funds through fraud or misappropriation
- Employers unable to participate in scheme
- Significant rises in employer contributions due to poor/negative investment returns
- Failure of global custodian
- Failure of Investment Manager
- Equity Risk
- Failure to comply with changes to LGPS regulations and other new regulations / legislation. Specifically:
 - GMP
 - McCloud
 - Pensions Dashboard
- Failure to comply with governance best practice. Specifically:
 - TPR New Code of Practice
 - TPR Good Governance project outcomes
- Failure to provide quality service to members
- Failure to hold personal data securely
- Cybercrime
- Failure to keep pension records up-to-date and accurate
- Lack of expertise on Pension Committee, Pension Board or amongst officers
- Over reliance on key officers
- Failure to communicate adequately with stakeholders
- Employer Covenant Risk
- Risks in relation to use of 3rd party service providers
- Failure to implement ESG Policy (specifically in relation to Climate Change and incoming requirements of TCFD)

Quarterly risk review and reporting has been in place for a number of years, and in light of the current environment, these assessments are critical in identifying areas requiring actions to be taken.

Future Outlook

Looking ahead, the global economy faces a complex and evolving landscape. While inflation is projected to ease gradually, the trajectory of interest rates remains uncertain. Key risks to the outlook include increasing trade fragmentation, shifts in policy direction, and potential volatility in financial markets. Despite these challenges, there are still meaningful opportunities for growth, particularly if geopolitical tensions subside and structural reforms are pursued to enhance productivity and stimulate investment. Whilst the Fund remain long term investors, adverse market conditions pose additional investment challenges.

The implementation of new legislation and requirements continues to pose significant administrative challenges. While laws have been enacted, the delay in guidance issued adds to delays and added pressure on performance.

Despite these challenges, the Fund remains committed to maintaining its strong financial position. It will continue to collaborate closely with portfolio managers and professional advisors to navigate the evolving landscape. In parallel, support for Fund Officers remains a priority to ensure the effective and efficient management of the Fund, safeguarding the interests of members and supporting participating employers.

A summary of the main statements is provided below:

Statement of Responsibilities for the Statement of Accounts – outlining the responsibilities of the administering authority and the Executive Director of Corporate Services.

Fund Account – showing income and expenditure from the fund in relation to scheme members and the investment and administration of the Fund. The account also compares the Fund's net assets at the start and end of the financial year.

Tayside Pension Fund accounts show contributions received of £122.991m. This has decreased by £0.773m during the year to 31 March 2025. Benefits payable were £177.919m, which increased by £24.384m since the previous year. Contributions decreased in the scheme during 2024/25 mainly due to reduction in employer contributions rates from 17.0% to 15.7%. Benefits payable also increased due to increased pensioner membership and pension increase being applied.

Net Assets Statement – showing the type and value of all net assets at the end of the financial year. Tayside Pension Fund's net assets increased to £5.566bn from £5.494bn in 2024.

Notes to the Fund Accounts – providing supporting evidence and analysis of the information contained within the Fund Account and Net Asset Statement.

Paul Thomson
Executive Director of Corporate
Services
Dundee City Council

Gregory Colgan
Chief Executive
Dundee City Council

Bailie Willie Sawers
Chair of Pension Sub-
Committee
Tayside Pension Fund

TAYSIDE PENSION FUND STATISTICS

The tables below show a five-year analysis of membership, member transactions, net asset movements and a ten-year cashflow forecast.

Membership	2020/21	2021/22	2022/23	2023/24	2024/25
Number of Employers	45	43	42	41	40
Active Members	19,181	18,816	18,912	18,765	19,232
Deferred Members	10,485	10,865	11,427	11,774	11,758
Undecided / Frozen	5,238	6,139	7,235	7,721	8,449
Pensioners	16,937	17,526	18,008	18,645	19,497
Total Membership	51,841	53,346	55,582	56,905	58,936

Member Transactions	2020/21	2021/22	2022/23	2023/24	2024/25
	£000	£000	£000	£000	£000
Employer Contributions	76,211	81,241	84,524	91,564	89,674
Employee Contributions	27,091	28,363	30,210	32,200	33,317
Transfers In	3,635	6,221	3,954	8,008	7,344
Lump Sums Paid	(23,026)	(26,132)	(27,481)	(35,073)	(46,747)
Pension Paid	(96,061)	(99,574)	(105,447)	(118,462)	(131,172)
Transfer Out	(12,503)	(5,757)	(5,076)	(4,676)	(45,066)
Administration costs	(1,655)	(1,968)	(1,867)	(2,339)	(2,205)
Net withdrawals	(26,308)	(17,606)	(21,183)	(28,778)	(94,855)

Net Asset Movements	2020/21	2021/22	2022/23	2023/24	2024/25
	£000	£000	£000	£000	£000
Opening Net Assets	3,672,321	4,849,572	5,095,976	4,834,052	5,493,525
Investment Income	71,033	79,440	84,205	82,981	74,138
Management Costs	(10,411)	(10,494)	(9,934)	(10,422)	(11,074)
Member Transactions	(26,308)	(17,606)	(21,183)	(28,778)	(94,855)
Change in Market Value	1,142,937	195,064	(315,012)	615,692	104,195
Closing Net Assets	4,849,572	5,095,976	4,834,052	5,493,525	5,565,929

Cashflow Forecast	2025/26	2026/27	2027/28	2028/29	2029/30
	£000	£000	£000	£000	£000
Pension Income	130,184	135,396	140,817	146,457	152,322
Pension Expenditure	(180,877)	(192,413)	(204,695)	(217,772)	(231,695)
Net Pension Cashflow	(50,693)	(57,017)	(63,878)	(71,315)	(79,373)
Net Investment Income	71,350	75,453	79,791	84,379	89,231

	2030/31	2031/32	2032/33	2033/34	2034/35
	£000	£000	£000	£000	£000
Pension Income	158,424	164,771	171,372	178,240	185,383
Pension Expenditure	(246,520)	(262,304)	(279,112)	(297,009)	(316,066)
Net Pension Cashflow	(88,096)	(97,533)	(107,740)	(118,769)	(130,683)
Net Investment Income	94,362	99,788	105,525	111,593	118,010

THE MANAGEMENT OF TAYSIDE PENSION FUND

Pension Sub-Committee

Tayside Pension Fund is administered by Dundee City Council as the administering authority with responsibility for the management of the Fund delegated to the Tayside Pension Sub-Committee. This Sub-Committee meets quarterly and oversees the supervision and administration of the Fund's investments, sets the investment strategy, and also oversees pension administration. The day-to-day operational matters are further delegated in the main to the Executive Director of Corporate Services.

The table below show the membership of the Pension Sub-Committee to 31st March 2025:

Bailie Willie Sawers (Chairperson)
Bailie Kevin Keenan
Councillor Steven Rome
Councillor Dorothy McHugh
Councillor Ken Lynn
Councillor Michael Crichton

All committee members are members of Tayside Pension Fund.

Local Pension Board

As a result of legislative changes to the governance arrangements in relation to pension schemes in the public sector, Dundee City Council as an administering authority for the Local Government Pension Scheme (LGPS), is required to have in place a local Pension Board.

The Pension Board was established on 1st April 2015. The Pension Board is separate from the Pension Sub-Committee, with the role of assisting in securing compliance with the regulation and other legislation relating to the governance and administration of the Scheme and also the requirements of the Pensions Regulator and making sure that the scheme is being managed and governed in an effective and efficient manner.

The Pension Board members work in conjunction with Dundee City Council in its role as the administering authority and with officers of the Tayside Pension Fund to ensure that your pension scheme is being run properly and that you, as a scheme member, get the best service. The local Pension Board must have an equal number of scheme member and scheme employer representatives and board members are appointed for a term of 5 years (in line with local government election cycle).

The table below show the membership of the Pension Board as at 31st March 2025:

Name	Representing	Organisation
Mr George Ramsay (Chairperson) *	Member	UNITE
Mr Kenny Dick	Employer	Care Inspectorate & SSSC
Mr Arthur Nicoll	Member	UNISON
Cllr Stewart Donaldson	Employer	Perth & Kinross Council
Cllr Bill Duff **	Employer	Angus Council
Ms Claire Shepherd	Member	UNITE
Mr James Cunningham	Member	GMB Scotland
Ms Margaret McGuire	Member (substitute)	UNISON
Mr Raymond Boyd	Member (substitute)	GMB Scotland
Vacant	Employer	

* appointed on 17 March 2025.

** stood down as Chairperson on 17 March 2025.

The Pension Sub-Committee and Pension Board must undergo continuous regular training which can be delivered locally or nationally (as a minimum attending full induction sessions and completing The Pensions Regulator's Essential Public Service Modules within their Trustee Toolkit). The Pension Sub-Committee and Pension Board hold

joint meetings on a quarterly basis, and each member of the Pension Sub-Committee and Pension Board is required to declare any financial and non-financial interests they have in the items of business for consideration at each meeting, identifying the relevant agenda item and the nature of their interest. The meetings have continued to be held virtually throughout the financial year. Full details of the scheme's governance structure are contained in the scheme's Governance Compliance Statement.

Tayside Pension Fund Officers

The day-to-day running of Tayside Pension Fund is carried out by the Financial Services Team within the Corporate Finance Section of the Corporate Services Directorate of Dundee City Council. The division functions include investment and pension administration. The investment responsibilities include the monitoring and selection of external investment managers and advisors. Over the year, senior officers were:

Robert Emmott *	Executive Director of Corporate Services
Paul Thomson **	Head of Corporate Finance
Tracey Russell	Service Manager Financial Services
Roger Mennie	Head of Democratic and Legal Services

* resigned on 31 March 2025.

** appointed as Executive Director of Corporate Services on 1 April 2025.

Scheme Advisory Board

The Scheme Advisory Board for the Local Government Pension Scheme in Scotland was set up following the Public Service Pensions Act 2013. The Board's main function is to advise Scottish Ministers, when requested, on the desirability of changes to the Scheme. They can also provide advice to Scheme Managers and Pension Boards in relation to effective and efficient administration and management of the Scheme in Scotland.

The membership of the Scheme Advisory Board comprises of seven-member representatives and seven employer representatives and a Joint Secretary is appointed in support of each of the Member and Employer groups. There is more information on the Scheme Advisory Board at www.lgpsab.scot.

Fund Managers

Baillie Gifford & Co
 Fidelity Pension Management
 Legal & General Investment Management
 Schroder Property Investment Management
 Apollo Global Management
 Partners Group

Investment Advisor

Actuary

ISIO Services Ltd
 Barnett Waddingham

Custodian

Northern Trust

System Provider

Aquila Heywood Ltd

Banker

Royal Bank of Scotland

Auditors

Audit Scotland (external), PwC (internal)

Corporate Governance Advisor

Pension & Investment Research Consultants Ltd (PIRC)

Performance Measurement

Northern Trust

Legal

CMS Cameron McKenna Nabarro Olswang LLP

Covenant Advisor

PwC

ANNUAL GOVERNANCE STATEMENT

Dundee City Council is the administering authority and scheme manager of Tayside Pension Fund, a local government pension fund covering the three local authorities in the former Tayside area, and 38 other large and small employers. The main functions of the Administering Authority are the administration of scheme benefits and the investment of the assets of the Fund. These functions are conducted in accordance with the Local Government Pension Scheme (Scotland) Regulations which are statutory instruments made under the Superannuation Act 1972.

Role of the Administering Authority

The role of Dundee City Council as the Administering Authority of Tayside Pension Fund is carried out via:

- The Pension Sub-Committee
- The Pension Board
- The Corporate Finance Section within the Corporate Services function of the Council

The Council has set up the Pension Sub-Committee with delegated responsibility to control and resolve all matters relating to the investment of assets and the overall governance of Tayside Pension Fund. It is the role of the Pensions Committee to:

- Ensure that the Fund is:
 - Compliant with the Local Government Pension Scheme Regulations and all other legislation that governs the administration of the fund.
 - Valued as required and that reports received on each valuation are considered.
- Be responsible for:
 - Setting the investment objectives and policy and the strategic asset allocation in the light of the Fund's liabilities.
 - Appointing, reviewing, and assessing the performance of investment managers, investment consultants, custodians, and actuaries.
 - Ensuring appropriate arrangements are in place for the administration of benefits.
 - Ensuring appropriate additional voluntary contributions arrangements are in place.
 - Providing scrutiny for the Fund, reviewing the Annual Governance Statement, Annual Accounts and all audit reports and arrangements.
- Prepare, maintain, and publish the following:
 - Governance Compliance Statement.
 - Funding Strategy Statement.
 - Statement of Investment Principles.
 - Environmental, Social and Corporate Governance Policy.
 - Administration Strategy
 - Communications Policy
 - Treasury Policy and Strategy

The Pension Sub-Committee consists of 6 Elected Members from the administering authority, supported by officers of the administering authority (including the Executive Director of Corporate Services, who carries out the Section 95 duties on behalf of Dundee City Council). The Sub Committee meets quarterly at joint meetings with the Pensions Board. Additional meetings are arranged as required should the need arise.

The Pension Board is separate from the Pension Sub-Committee, and responsible for assisting Dundee City Council (as Scheme Manager) in relation to securing compliance with the 2014 Regulations and other legislation relating to the governance and administration of the Scheme, as well as the requirements of the Pensions Regulator. The Pension Board may consider any matter concerning pensions it deems relevant to the activities of the Pension Sub-Committee in relation to its remit and role defined in the 2014 regulations.

The Pensions Board consists of an equal number of trade union representatives and employer representatives, drawn from councils and scheduled or admitted bodies within the Fund.

Under the same 2014 regulations, the governance arrangements also included the introduction of the national Scheme Advisory Board, whose role is to provide advice to the Scottish Ministers as requested, and furthermore to provide advice to the Scheme Managers or the Scheme's Pension Board in relation to the effective and efficient administration and management of the Scheme and any Funds within the Scheme. The Scottish Public Pensions Agency (SPPA) is responsible for maintaining the rules of the Local Government Pension Scheme in Scotland on behalf of the Scottish Ministers and is deemed a "Responsible Authority" under the terms of the 2013 Act.

In addition, the powers of the Pensions Regulator were also extended to cover standards of governance and administration in the Local Government Pension Scheme.

Internal Audit and other governance measures

Internal audit services for the Tayside Pension Fund are provided by PricewaterhouseCoopers (PwC) under the Crown Commercial Service Framework for the provision of a full internal audit service to fulfil the service requirements of annual audits. PwC's services are delivered in accordance with the Internal Audit Charter, with methodology aligned to the Institute of Internal Auditors International Standards for the Professional Practice of Internal Auditing, and in conformance with Public Sector Internal Audit Standards (PSIAS).

In order to provide independent assurance on the overall risk management, internal control and corporate governance processes relating to the Fund, PwC undertake an annual risk assessment which informs their audit approach. Focussing on the key issues and risks, they then develop the annual plan driven by the Fund's strategic goals and associated risks. They consider the most significant risks and the control environment, as well as the areas where review would be most beneficial to the Fund. Tayside Pension Fund's Annual Risk Assessment & Internal Audit Plans are approved by the Pension Sub-Committee.

Taking cognisance that Internal Audit is one of a number of sources of assurance, and in developing the risk assessment and internal audit plan, PwC also consider the following sources of assurance and reliance:

- Audit Scotland, as external auditors
- Dundee City Council Internal Audit (annual progress review)
- National Fraud Initiative

In order to conform with PSIAS which apply to all internal audit service providers within the public sector, and the Local Authority Accounts (Scotland) Regulations 2014, The Head of Internal Audit is required to provide an annual internal audit opinion on the overall adequacy and effectiveness of the organisation's governance, risk management and control framework based upon, and limited to the audit work undertaken with the aim of providing reasonable assurance.

To enable this opinion to be provided, the following internal audit reviews were undertaken:

- Outsourcing / Third Party Management arrangements
- Investment Strategy

The Head of Internal Audit must be satisfied that sufficient internal audit work has been undertaken within the financial year to allow an opinion to be given as to the adequacy and effectiveness of governance, risk management and controls. Tayside Pension Fund has received a Reasonable Assurance opinion. Across the reviews, there were four medium-risk and five low-risk findings. PwC inform that governance, risk management and control in relation the internal audit reviews performed is generally satisfactory, and whilst a limited number of medium risk rated weaknesses may have been identified, generally only low risk rated weaknesses have been found in individual reviews. They conclude that some improvements are required in those areas identified to enhance the adequacy and effectiveness of the framework of governance, risk management and control.

The Fund takes part in the National Fraud Initiative in order to identify if fraud has been committed and pensions have been wrongly paid and take subsequent recovery action. Occasionally incorrect payments may be made because of genuine error and this could result in payments to pensioners being increased. This exercise therefore helps promote the best use of public funds. No significant fraud or errors were identified during this process.

The Fund held employers' meetings online throughout the year and ensured that all key reports have been made available to stakeholders at the earliest opportunity via the Fund's website.

Scope of Responsibility

Dundee City Council has the responsibility for ensuring that the business of Tayside Pension Fund is conducted in accordance with the law and appropriate standards, and for ensuring there is a sound system of governance (incorporating the system of internal control) and that monies are safeguarded, properly accounted for, and used economically, efficiently, and effectively. The Council also has a statutory duty under the Local Government in Scotland Act 2003, to make arrangements to secure best value, which is defined as continuous improvement in the way its functions are carried out.

In discharging these duties Elected Members and senior officers are responsible for implementing effective arrangements for governing the Council's affairs and facilitating the effective exercise of its functions, including arrangements for the management of risk.

To this end the Council has approved and adopted a Local Code of Corporate Governance that is consistent with the principles of the CIPFA/SOLACE (Chartered Institute of Public Finance and Accountancy / Society of Local Authority Chief Executives) framework Delivering Good Governance in Local Government. The Local Code of Corporate Governance explains how Dundee City Council delivers good governance and this Annual Governance Statement reviews the effectiveness of these arrangements.

In addition, the Council is responsible for confirming effective corporate governance arrangements exist within its other group entities. In line with Accounts Commission guidance, including Safeguarding Public Money: are you getting it right? Following the Public Pound and Arm's Length External Organisations (ALEOs): are you getting it right? part of that responsibility is about ensuring that public money is being used appropriately and achieving Best Value.

The Governance Framework

Tayside Pension Fund operates within the wider governance framework of Dundee City Council. The governance framework comprises the systems, processes, cultures, and values by which the Council is directed and controlled. It enables the Council to monitor the achievement of its planned objectives and outcomes and to consider whether those objectives and outcomes have led to the delivery of appropriate, cost-effective services, and also provides direction for stakeholder engagement and communication.

The Local Code of Corporate Governance is supported by detailed evidence of compliance which is regularly reviewed by a working group of senior officers.

Within the overall control arrangements, the system of internal financial control is intended to ensure that assets are safeguarded, transactions are authorised and properly recorded, and material errors or irregularities are either prevented altogether or detected within a timely period. It is based on a framework of regular management information, financial regulations, administrative procedures, and management supervision and checking.

The overall control arrangements include:

- an effective Council Committee structure.
- a Council website that is maintained and developed.
- a Council intranet system for sharing information internally.
- the Our People Strategy 2022-27.
- integrated Impact Assessments ensures that all likely impacts of reports have been considered and provide details of any mitigation action required to overcome negative impacts.
- a Digital Strategy to guide investment in ICT.
- the OneDundee intranet site which provides access to corporate information and policies to employees who do not have day-to-day access to IT facilities.
- a social media policy which empowers service areas to harness these powerful communications channels while mitigating the potential risks.
- a Corporate Integrity Group.
- service plans for all service areas. Regular performance reports in relation to the service plans are reported to relevant Committees.
- a performance management framework.

- a Senior Officer Resilience Group.
- participation in the National Fraud Initiative strategy for sharing and cross-matching data with regular reports to Committee.
- a Risk Management Policy and Strategy, Corporate and Service Risk Registers.
- a Corporate Governance Assurance Statement Group.
- a Strategic Information Governance Group.
- a full suite of financial strategies and plans.

Review of Effectiveness

Members and officers of the Council are committed to the concept of sound governance and the effective delivery of Council services and consider comments made by external and internal auditors and other review agencies and inspectorates and prepare actions plans as appropriate.

The effectiveness of the governance framework is reviewed annually by a working group of senior officers. The 2024/25 review of governance arrangements against the Local Code of Corporate Governance has identified the Council as being 99% (2023/24: 99%) compliant with the principles of the CIPFA/SOLACE framework Delivering Good Governance in Local Government.

In addition, Executive Directors from each service have made a self-assessment, in conjunction with their senior management teams, of their own governance, risk management and internal control arrangements. This involved the completion of a 74-point checklist covering eight key governance areas of Service Planning and Performance Management; Internal Control Environment; Fraud Prevention and Detection; Budgeting, Accounting and Financial Control; Risk Management and Business Continuity; Asset Management; and Partnerships; and Information Governance. This continues to score a high level of compliance, with an overall score above 93% for 2024/2025 (2023/2024: 92%).

Over and above the Internal Audit Service delivered by PwC, the Council's Internal Audit Service also operates in accordance with the Public Sector Internal Audit Standards and reports functionally to the Scrutiny Committee. Conformance with the PSIAS should be confirmed independently, through the completion of a formal External Quality Assurance (EQA) process. The independent review was due to be undertaken in 2023 but has been subject to delay of the reviewer. Conformance with PSIAS, with the exception of updating the EQA within 5 years has been confirmed by the self-assessment prepared by the Service as part of the review. Internal Audit undertakes an annual programme of work, which is reported to the Scrutiny Committee. The Senior Manager – Internal Audit provides an independent opinion on the adequacy and effectiveness of the Council's governance, risk management and control framework. The overall audit opinion, based on the above, is that reasonable assurance can be placed upon the adequacy and effectiveness of the Council's framework of governance, risk management and control for the year to 31 March 2025.

The Executive Director of Corporate Services complied fully with the five principles of the role of the Chief Financial Officer, as set out in CIPFA guidance. The Council's financial management arrangements conform with the requirements of the CIPFA Financial Management (FM) Code (2019).

Continuous Improvement Agenda

The following are service improvements specific to Tayside Pension Fund achieved during 2024/25:

Business Area	Item	Description	Status / Information
Finance & Governance	Investment Strategy	Review of the design and operating effectiveness of key controls in that lead to advising on and setting the investment strategy.	Complete
	General Code	Review of TPR General Code Compliance	Complete
	Investment Strategy	Following the outcome of the 2023 actuarial valuation, a review of the Fund's investment strategy will take place in 2024/25, with any	Complete

Investment		recommendations actioned when market conditions favour.	
	Portfolio Review	Review of specific portfolios within the Fund following annual performance review.	Complete

The following are service improvements specific to Tayside Pension Fund planned for 2025/26:

Business Area	Item	Description	Status / Information
Finance & Governance	Review of structure, roles, and resources / Business Resilience	Recommendation of audits to review as a result of increasing number of new additional legislative and governance requirements	Delayed from previous year. Independent specialists to be engaged.
	Employer Covenant	Employer engagement following outcome of review undertaken 2019/20 with aim of implementing recommendations.	Delayed from previous year as a result of resource constraints.
	Admission Agreements	Standardisation of admission agreements	Delayed from previous year and will coincide with covenant exercise
	Procurement	Exercises relating to the following: <ul style="list-style-type: none"> Actuary Investment advisor 	Scheduled
	Risk Management & Regulatory Compliance	Assessment in line with TPR General Code	Scheduled
	GDPR	Review of the design of key controls in respect of GDPR regulations	Scheduled
Administration	Pensions dashboard	Access to tool to enquire about missed pension pots and benefit values	Scheduled
	Member data	Assessment of data quality using specialised software which will include ability to quantify the number of members who will pass / fail the Dashboard Find requirements.	Scheduled
	McCloud	Post implementation review of the design of controls related to the project approach taken, including data management; approach to calculations and proformas; and the check review process. Review will also encompass member communications and training provided to staff.	Scheduled

Information on the Fund is available from the following links:

Minutes of Joint Pension Sub-Committee and Pension Board meetings:

https://www.dundee.gov.uk/minutes/meetings?in_cc=35&in_dat=2

Fund Website - <https://taysidepensionfund.org/resources/>

- The Statement of Investment Principles, concerning the approach to the investment of the Fund
- The Business Plan, communicating the aims and objectives of the Fund for the forthcoming year
- The Treasury Management Policy and Strategy for the forthcoming year.
- The Actuary's report on the 2023 valuation
- The Funding Strategy Statement, concerning the management of the identification and management of the Fund's liabilities
- The Risk Policy & Register
- The Governance Policy Statement which sets out the Funds approach
- Environmental, Social and Corporate Governance Policy for investment.
- Pension Administration Strategy
- Communications Policy
- The Governance Compliance Statement, setting out the governance arrangements and compliance with regulations

Conclusion

The annual review demonstrates sufficient evidence that the Code's principles of delivering good governance in local government operated effectively and compliance with the Local Code of Corporate Governance in all significant respects for 2024/2025. It is proposed over 2025/2026 steps are taken to address the items identified in the Continuous Improvement Agenda to further enhance governance arrangements.

Gregory Colgan
Chief Executive
Dundee City Council

Bailie Willie Sawers
Chair of Pension Sub-Committee
Tayside Pension Fund

GOVERNANCE COMPLIANCE STATEMENT

1. Role and Responsibilities

Dundee City Council has statutory responsibility for the administration of the Local Government Pension Scheme ("LGPS") in respect of the three local authorities in the former Tayside area, and 38 other large and small employers.

The main functions are:

- management and investment of scheme funds; and
- administration of scheme benefits

These functions are carried out in accordance with the Local Government Pension Scheme (Scotland) Regulations which are statutory instruments made under the Superannuation Act 1972.

Dundee City Council carries out its role as Administering Authority via:

- The Tayside Pension Fund Sub-Committee of the Policy & Resources Committee
- Tayside Pension Fund within the Corporate Finance Section of the Councils Corporate Services Directorate

Tayside Pension Fund also acts as a payroll agent for compensatory added years payments within the Teachers Superannuation Scheme.

2. Delegation

The function of maintaining the Tayside Pension Fund is delegated by Dundee City Council to its Tayside Pension Fund Sub-Committee. The Fund's policy documents are available at: <https://taysidepensionfund.org/resources/>

3. Terms of Delegation

The terms, structure and operational procedures of delegation are set out in the report to Dundee City Council's Policy & Resources Committee on 9th February 2015. The report is available at: <http://www.dundee.gov.uk/reports/reports/447-2014.pdf>

4. Committee Meetings

Regular meetings of Tayside Pension Fund Sub-Committee are held quarterly. Committee meeting dates are listed in the Council Diary which is available at:

https://www.dundee.gov.uk/minutes/meetings?in_cc=35&in_dat=2

5. Representation

The Tayside Pension Fund Sub-Committee is comprised solely of Elected Members of Dundee City Council. Employing authorities and scheme members are represented by Tayside Pension Fund Pension Board.

6. Compliance

The following demonstrates the assessment to the extent that the Fund is in compliance with guidance given by Scottish Ministers, it is noted there is one area where it is considered only partial compliance has been made and further details are contained within the full Governance Compliance Statement which is available at: <https://taysidepensionfund.org/resources/>

Governance Compliance Statement 2024/25 The Local Government Pension Scheme (Scotland) Regulations 2018 require each Administering Authority to publish a Governance Compliance Statement that sets out how their governance arrangements comply with best practice issued by the Scottish Ministers. The table below details the self-assessment of the Fund's compliance with these principles and highlights any actions required to implement improvements.

GOVERNANCE COMPLIANCE STATEMENT 24/25		
Principle	Compliance	Comment
Structure		
The management of the administration of benefits and strategic management of fund assets clearly rests with the main committee established by the appointing council.	✓	Tayside Pension Fund is administered by Dundee City Council as the administering authority with responsibility for the management of pension investment delegated to the Tayside Pension Sub-Committee with day to day operational matters further delegated in the main to the Director of Corporate Services.
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.	✓	Membership of the Pension Sub-Committee comprises of six councillors from Dundee City Council with voting rights. Membership of the Pension Board consists of equal numbers of trade union and employer representatives, drawn from councils and scheduled or admitted bodies in membership of the fund. Pension Board representatives must not also participate in or act as members of the Pensions Sub-Committee. Local Authority employer representatives will normally be Elected Members serving as part of the Council.
Where a secondary committee or panel has been established, the structure ensures effective communication across both levels.	✓	While the statutory roles and function of the Pensions Sub-Committee and Pension 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 Pensions Sub-Committee chairing the concurrent meeting. The aim is to engender a positive and proactive partnership culture where in practice the two bodies act as one.
Where a secondary committee or panel has been established, at least one seat on the main committee is allocated for a member from the secondary committee or panel.	✓	All members of the Pension Sub-Committee are members of the Dundee City Council City Governance Committee. The membership of the Committee and Local Pension Board is independent of one another, as provided for in the Regulations, as it is believed that separate membership is preferable for the discharge of their statutory duties.
Committee Membership and Representation		
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);	✓	The Pension Sub-Committee includes 6 councillors from Dundee Council. The Pension Board has 2 employer representatives of employing authorities and 2 of admitted employers.
ii) scheme members (including deferred and pensioner scheme members);	✓	The Pensions Board has 4 Trade Union representatives who represent all scheme members (including deferred and pensioner scheme members) as required by regulation.
iii) where appropriate, independent professional observers;		The External Investment Advisor, Isio Ltd, attend annual Committee meetings. The Actuary, Barnett Waddingham, attends Committee meetings as required.
iv) expert advisors (on an ad-hoc basis).		

	✓	There has been no requests to appoint further independent observers or advisors
Where lay members sit on a main or secondary committee, they are treated equally in terms of access to papers and meetings, training and are given full opportunity to contribute to the decision making process, with or without voting rights.	✓	All members of the Committee are treated equally in terms of access to papers, meetings and training. They are given full opportunity to participate and contribute to the decision-making process as appropriate and required. All members of the Local Pension Board are treated equally in terms of access to papers and meetings, training and are given full opportunity to participate in their decision-making process.
Selection and Role of Lay Members		
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.	✓	Members are made aware of the full details of status, role and function prior to selection and appointment. This area is also covered in their training program. Local authority members are subject to the code of conduct of their respective council. The trade union and employer representatives are required to agree to accept the same code of conduct applicable to their role and duties to Tayside Pension Fund.
At the start of any meeting, committee members are invited to declare any financial or pecuniary interest related to specific matters on the agenda related to specific matters on the agenda	✓	Declaration of interests is a standard procedure at the start of all Pension Sub-Committee and Pension Board meetings. This is stated at the start of each agenda, and any declarations are noted in the minutes.
Voting		
The policy of individual administering authorities on voting rights is clear and transparent, including the justification for not extending voting rights to each body or group represented on main LGPS committees.	✓	All Pension Sub-Committee members have voting rights. This is detailed in the Tayside Pension Funds Statement of Investment Principles. Each member of the Pension Board will have an individual voting right but it is expected as far as possible, that the Pension Board will reach a consensus. The Chair of the Pension Board will have the final casting vote which will be reported to the Scheme Manager.
Training / Facility Time / Expenses		
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.	✓	All new members of the Pension Sub-Committee are offered training by officers. Further training is offered periodically, generally from investment consultants, investment managers of the fund and actuaries. In addition, if other training opportunities are identified, including attendance at conferences and seminars, these are offered to members, as appropriate. Costs and expenses incurred are met by the Pension Fund. The Scheme Manager recognises that effective financial administration and decision-making can only be achieved where those involved have the requisite knowledge and skills.
Where such a policy exists, it applies equally to all members of committees,		

sub-committees, advisory panels or any other form of secondary forum.	✓	Training requirement is applicable to all members of the Pension Sub-Committee and Board.
The administering authority considers the adoption of annual training plans for committee members and maintains a log of all such training undertaken.	✓	Training programmes are undertaken to reflect specific needs, and which include the appropriate requirements of the Pensions Regulator's Codes of Practice. The training programme is reviewed regularly and members of the Sub-Committee and Pension Board assess their individual requirements.
Meetings (Frequency/Quorum)		
An administering authority's main committee or committees meet at least quarterly.	✓	The Pension Sub-Committee and Pension Board have a regular quarterly joint meeting at which it considers investment and administration matters. Additional meetings are called should any aspect of the Fund require. Both the Pension Sub-Committee and Pension board require 3 members apiece to be quorate. If the Pension Board fail to achieve required membership, the Pension Sub-Committee meeting will continue.
That an administering authority's secondary committee or panel meet at least twice a year and is synchronised with the dates when the main committee sits.	✓	The Pension Sub-Committee and Board meet jointly on a quarterly basis.
That administering authorities who do not include lay members in their formal governance arrangements, provide a forum outside of those arrangements by which the interests of key stakeholders can be represented.	✓	Employer Forum for scheduled and admitted bodies is held annually, including presentations on topical subjects.
Access		
That subject to any rules in the council's constitution, all members of main and secondary committees or panels have equal access to committee papers, documents and advice that falls to be considered at meetings of the main committee.	✓	Subject to the management of any conflict of interest, all members are treated equally in terms of access to committee papers, documents and advice.
Scope		
That administering authorities have taken steps to bring wider scheme issues within the scope of their governance arrangements.	✓	The agendas include reports on training, admission agreements, policies on discretions, pensions administration, regulatory changes, budget monitoring, local performance indicators, the service plan, internal and external audit, valuation issues, the funding level, the asset value and asset allocation, proposals to develop the investment management structure, investment performance at Fund and manager level.
Publicity		
That 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	✓	Governance Policy Statement was approved in May 2009, following consultation with all employers. The governance arrangements may be viewed on the Fund's website at: https://www.taysidepensionfund.org/about-the-scheme/about-the-pension-fund/

express an interest in wanting to be part of those arrangements.

Gregory Colgan
Chief Executive
Dundee City Council

Bailie Willie Sawers
Chair of Pension sub-committee
Tayside Pension Fund

RISK POLICY & STRATEGY

Dundee City Council is the administering authority for the Tayside Pension Fund (TPF). The Council delegates this responsibility to the Pension Sub-Committee of the City Governance Committee. In recognition of their fiduciary duties and responsibilities towards pension scheme members, participating employers and local taxpayers, this document sets out Tayside Pension Fund's Risk Management Policy, Strategy and Risk Appetite, describing the approach to risk which the Sub-Committee adopts in light of their fiduciary duties.

The purpose of the Policy and Strategy is to effectively mitigate risks which may otherwise impact on achievement of the Fund's objectives, by implementing comprehensive risk management arrangements. These arrangements include, among others: development and maintenance of comprehensive risk registers; setting out of responsibilities for the management and escalation of risks; and responsibility for regular review and updating of Policy and Strategy.

The Policy and Strategy of Tayside Pension Fund have been framed in line with that of the administering authority, in that the recognition of the requirements for effective corporate governance and the benefits of risk management as an organisational management tool. It will assist the Fund in ensuring that risks which may impact on the achievement of objectives are effectively managed.

Full details can be found on the Tayside Pension Fund Website. Please see link below:

<https://www.taysidepensionfund.org/resources/risk-management-policy-and-strategy-june-2023/>

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Administering Authority's Responsibilities

The Authority is required to:

- Make arrangement for the proper administration of the financial affairs of the Pension Fund in its charge and to secure that one of its officers has the responsibility for the administration of those affairs (section 95 of the Local Government (Scotland) Act 1973). In this authority, that officer is the Executive Director of Corporate Services.
- Manage its affairs to secure economic, efficient, and effective use of its 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).
- Delegate authority to the Pension Sub-committee to review and approve Pension Fund annual accounts.
- The annual accounts will be presented for consideration to the Pension sub-committee at its meeting of 23 June 2025 and the audited accounts will be submitted to the Pension sub-committee to be approved for signing no later than 30 September 2025.

Baillie Willie Sawers
Chair of Pension sub-committee
Tayside Pension Fund

The Executive Director of Corporate Service's Responsibilities

The Executive Director of Corporate Services is responsible for the preparation of the Pension Fund statement of accounts which, in terms of CIPFA / LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code of Practice), is required to present a true and fair view of the financial position of the Pension Funds at the accounting date and their income and expenditure for the year (ended 31 March 2025).

In preparing these statements of accounts, the Executive Director of Corporate Services has:

- Selected suitable accounting policies and then applied them consistently
- Made judgements and estimates that were reasonable and prudent
- Complied with legislation
- Complied with the Code of Practice, except where stated in the Statement of Accounting Policies and Notes to the Accounts

The Executive Director of Corporate Services has also:

- Kept proper accounting records which were up to date
- Taken reasonable steps for the prevention and detection of fraud and other irregularities

Statement of Accounts

The Statement of Accounts presents a true and fair view of the financial position of the Pension Funds as at 31 March 2025, and their income and expenditure for the year ending 31 March 2025.

Paul Thomson CPFA
Executive Director of Corporate Services
Dundee City Council

INDEPENDENT AUDITOR'S REPORT

Independent auditor's report to the members of Dundee City Council as administering authority for Tayside Pension Fund and the Accounts Commission

Reporting 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 Tayside Pension Fund (the fund) for the year ended 31 March 2025 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 material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards, as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 (the 2024/25 Code).

In my opinion the accompanying financial statements:

- give a true and fair view of the financial transactions of the fund during the year ended 31 March 2025 and of the amount and disposition at that date of its assets and liabilities;
- have been properly prepared in accordance with UK adopted international accounting standards, as interpreted and adapted by the 2024/25 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 by the Accounts Commission on 3 April 2024. My period of appointment is four years, covering 2023/24 to 2026/27. 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 as administering authority for the fund. 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.

These conclusions are not intended to, nor do they, provide assurance on the fund's current or future financial sustainability. However, I report on the fund's arrangements for financial sustainability in a separate Annual Audit Report available from the [Audit Scotland website](#).

Risks of material misstatement

I report in my Annual Audit Report the most significant assessed risks of material misstatement that I identified and my judgements thereon.

Responsibilities of the Executive Director of Corporate Services and Pension Sub-Committee for the financial statements

As explained more fully in the Statement of Responsibilities, the Executive Director of Corporate Services 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 Executive Director of Corporate Services 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 Executive Director of Corporate Services 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 there is an intention to discontinue the fund's operations.

The Pension Sub-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 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:

- using my understanding of the local government sector to identify that the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, the Local Government in Scotland Act 2003, and The Local Government Pension Scheme (Scotland) Regulations 2018 as amended are significant in the context of the fund;
- inquiring of the Executive Director of Corporate Services as to other laws or regulations that may be expected to have a fundamental effect on the operations of the fund;
- inquiring of the Executive Director of Corporate Services concerning the fund's policies and procedures regarding compliance with the applicable legal and regulatory framework;
- discussions among my audit team on 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

Other information

The Executive Director of Corporate Services is responsible for the other information in the annual report. The other information comprises the Management Commentary, Annual Governance Statement, Governance Compliance Statement, Statement of Responsibilities and other reports included in the annual report other than the financial statements and my auditor's report thereon.

My responsibility is to read all the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the course of 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 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 other information and I do not express any form of assurance conclusion thereon except on the Management Commentary, Annual Governance Statement and Governance Compliance Statement to the extent explicitly stated in the following opinions prescribed by the Accounts Commission.

Opinions prescribed by the Accounts Commission on the Management Commentary, Annual Governance Statement and Governance Compliance Statement

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;
- 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 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.

I have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

In addition to my responsibilities for the annual report, my conclusions on the wider scope responsibilities specified in the Code of Audit Practice 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 108 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.

Rachel Browne CPFA
Audit Director, Audit Scotland
4th Floor, 102 West Port
Edinburgh
EH3 9DN

TAYSIDE PENSION FUND - FUND ACCOUNT

2023/24 £000		Note	2024/25 £000
	Dealings with Members, Employers and other directly involved in the fund		
91,564	Employers' contributions	5	89,674
32,200	Employees' contributions	5	33,317
8,008	Transfers in from other pension funds	7	7,344
131,772			130,335
(153,535)	Benefits	6	(177,919)
(4,676)	Payments to and on account of leavers	8	(45,066)
(158,211)			(222,985)
(26,439)	Net Withdrawals from dealings with members		(92,650)
(2,339)	Administration Expenses	20	(2,205)
(28,778)	Net Withdrawals from dealings with Members including Administration Expenses		(94,855)
	Returns on Investments		
82,981	Investment Income	9	74,138
615,692	Change in Market Value of Investments	10a	104,195
(10,422)	Investment Management Expenses	21	(11,074)
688,251	Net Returns on Investments		167,259
659,473	Net increase/(decrease) in Fund during the year		72,404
4,834,052	Opening Net Assets of the scheme		5,493,525
5,493,525	Closing Net Assets of the scheme		5,565,929

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

TAYSIDE PENSION FUND NET ASSETS STATEMENT

2023/24 £000		Note	2024/25 £000
	Investment Assets	10	
264,751	Bonds		264,061
2,377,732	Equities		2,199,093
340,263	Fixed Income funds		348,445
1,569,650	Equity funds		1,492,764
-	Diversified Alternatives		258,876
100,000	Multi Asset Credit		108,066
485,213	Pooled Property Investments		580,866
1,398	Derivatives		1,471
18,291	Other Investment Assets		16,568
322,002	Cash Deposits		393,073
<u>5,479,300</u>			<u>5,663,283</u>
(5,423)	Investment Liabilities	10	(108,340)
5,473,877	Total Net Investments	10	5,554,943
25,533	Current Assets	17	16,990
<u>5,499,410</u>			<u>5,571,933</u>
(5,885)	Current Liabilities	18	(6,004)
5,493,525	Net assets of the fund available to fund benefits at the end of the reporting period		5,565,929

Paul Thomson CPFA
Executive Director of Corporate Services
Dundee City Council
22 September 2025

The Net Asset Statement represents the value and liabilities as at 31 March 2025 (excluding liability to pay pensions).

The Unaudited Accounts were issued on 23 June 2025 and the Audited Accounts were authorised for issue on 22 September 2025.

NOTES TO TAYSIDE PENSION FUND FINANCIAL STATEMENTS

1 - The Local Government Pension Scheme

The LGPS is one of the largest public sector pension schemes in the UK. It is a nationwide pension scheme for people working in local government or working for other types of employers participating in the scheme. The LGPS in Scotland is administered locally through 11 local pension funds.

The LGPS is a statutory scheme established under primary legislation of the Superannuation Act 1972 and the Public Services Pensions Act 2013. Changes to scheme rules are discussed at national level by employee and employer representatives but can only be amended with the approval of the Scottish Parliament and are issued as Scottish Statutory Instruments (SSIs).

Dundee City Council is the administering authority for Tayside Pension Fund.

Tayside Pension Fund is maintained for the benefit of its membership (including existing and deferred pensioners). This comprises most Local Government employees within Dundee City Council, Perth and Kinross Council and Angus Council as well as 37 other bodies. Teachers are not included in the Scheme as they have a separate, nationally established, statutory arrangement.

2 - Basis of Preparation of the Financial Statements

The financial statements summarise the Fund's transactions for the 2024/25 financial year and its position as at the 31 March 2025. The accounts have been prepared on a going concern basis, and in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 (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 - 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.

3 - Statement of Accounting Policies

A summary of the more important accounting policies, which have been consistently applied, is set out below:

Investments

Investments are included at market values, which are assessed as follows:

A - UK quoted securities are valued at "bid" market prices at close of business on the last working day of the financial year.

B - Overseas securities are valued at "bid" market prices from the relevant overseas stock exchanges converted at closing rates of exchange on the last day of the financial year.

C - Unlisted investments, which comprise the Fund Manager's Unit Trusts and Open-Ended Investment Companies, are valued at "bid" market prices on the last working day of the financial year as supplied by the Fund Manager.

Income and Expenditure

The accounts have been prepared on an accruals basis; that is income and expenditure is included as it is earned or incurred, not as it is received or paid, except for Transfer Values which are included when they are paid or received.

Investment Income

Income from fixed interest, index linked securities and other interest receivable is taken into account on an accruals basis. Income from all other Marketable Securities is taken into account on the date when stocks are quoted ex-dividend.

Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents comprise short term lending that is repayable on demand or within 3 months of the Balance Sheet date and that is readily convertible to known amounts of cash with insignificant risk of change in value.

Contributions

Contributions represent the amounts received from organisations participating in the Fund, these may be from the administering authority, and other scheduled bodies or admitted bodies. Such amounts relate both to their own employer contributions and to those of their pensionable employees. Employee and employer's contributions due as at 31 March 2025 have been accrued. In accordance with Funding Strategy Statement, employers have the option to prepay their pension contributions which will generate a saving based on an actuarial calculation. Three employers elected to make an upfront payment of their 2024/25 employer contributions in April 2024 with a balancing payment in April 2025.

Foreign Currency

Income and expenditure arising from transactions denominated in a foreign currency are translated into £ sterling at the exchange rate in operation on the date on which the transaction occurred. Where the transaction is to be settled at a contracted rate that rate is used.

Investment Management Expenses

Investment Management expenses consist of direct charges in line with Management Agreements, Management Charges levied on pooled funds, overseas charges and non-recoverable withholding tax, less Brokers' commission rebate.

Administrative Overheads and Expenses

The Pension Administration and Pension Investment sections of Dundee City Council are responsible for administering the Pension Fund. The above sections receive an allocation of the overheads of the Council; this is based on the amount of central services consumed. Costs which can be directly charged to the Fund during the financial year will be.

Acquisition Cost

Any acquisition costs of investments are included in the Book Cost of the investment.

Additional Voluntary Contributions

Additional voluntary contributions are separately invested from those of the funds. Additional voluntary contributions are not included in the financial statements in accordance with section 5(2)(c) of The Pensions Scheme (Management and Administration of Funds) Regulations 1998.

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 Local Government Pension Scheme Regulations. Individual transfers in/out are accounted for when received/paid, which is normally when the member liability is accepted or discharged. Transfers in from members wishing to use the proceeds of their additional voluntary contributions to purchase scheme benefits are accounted for on a receipts basis and are included in Transfers In. Bulk (group) transfers are accounted for on an accrual basis in accordance with the terms of the transfer agreement.

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.

VAT

VAT payable is included as an expense only to the extent that it is not recoverable from His Majesty's Revenue and Customs. VAT receivable is excluded from income.

Derivatives

The Fund uses derivative financial instruments to manage its exposure to specific risks arising from its investment activities. The Fund does not hold derivatives for speculative purposes. Derivatives are valued at fair value on the following bases: assets at bid price, and liabilities at offer price. Changes in the fair value are included in the change in market value in the Fund Account. The value of open futures contracts is determined using exchange prices at the reporting date. Amounts due from or owed to the broker are the amounts outstanding in respect of the initial margin and variation margin. The value of forward foreign exchange contracts is based on market forward exchange rates at the year-end and determined as the gain or loss that would arise if the contract were matched at the year-end with an equal and opposite contract.

Financial Assets

Financial assets are included in the net assets statement on a fair value basis as at the reporting date. A financial asset is recognised on the date the fund becomes party to the contractual acquisition of the asset. From this date, any gains or losses arising from changes in the fair value of the asset are recognised by the fund.

Financial Liabilities

Financial liabilities are included in the net assets statement on a fair value basis as at the reporting date. A financial liability is recognised on the date the fund becomes party to the liability. From this date, any gains or losses arising from changes in the fair value of the liability are recognised by the fund.

Fair Value Measurement

The Fund measures its financial assets at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The authority measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, if market participants act in their economic best interest. The authority uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the authority's financial statements are categorised within the fair value hierarchy, as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority can access at the measurement date
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3 – unobservable inputs for the asset or liability

Actuarial present value of promised retirement benefits

The actuarial present value of promised retirement benefits should be disclosed and based on the requirements of IAS 19 Post-Employment Benefits and relevant actuarial standards. As permitted under the Code, the financial statements include a note disclosing the actuarial present value of retirement benefits.

4 - Related Party Transactions and Balances

All employer member bodies are by nature related parties of the Fund. Tayside Pension Fund is administered by Dundee City Council, consequently there is a strong relationship between the Council and Pension Fund. Note 5 outlines the pension contributions paid by the Council, as administering authority, to the Fund in relation to 2024/25.

A remuneration report providing disclosures in respect of the Executive Director Corporate Services, the Chief Executive, and the members of the Pension Sub-Committee and Pension Board who hold the authority and responsibility for the Tayside Pension Fund, is included within Dundee City Council's Annual Report and Accounts which are available from the Council's website (www.dundee.gov.uk). As noted above, all senior officers, Sub-committee and Board representatives are members of Tayside Pension Fund.

Key Management Personnel

The key management personnel of the fund is the Section 95 officer, the Executive Director of Corporate Services. Total remuneration payable, as allocated to pension fund (7%), is set out below:

	2024 £000	2025 £000
Short-term benefits	10	10
Post-employment benefits	4	5

Details of the transactions and balances with the ten largest employers are disclosed in the fund account and net asset statement with further analysis provided below -

Employer	Employer type	Transactions 2023/24 £000	Balances due 31 March 2024 £000	Transactions 2024/25 £000	Balances due 31 March 2025 £000
Dundee City Council	Administering	35,877	3,596	34,900	3,726
Angus Council	Scheduled	21,155	1,735	20,642	1,721
Care Inspectorate	Admitted	6,801	597	6,833	405
Dundee and Angus College	Scheduled	2,462	53	2,790	-
Leisure and Culture Dundee	Admitted	2,563	-	2,407	-
Perth and Kinross Council	Scheduled	29,098	2,697	29,337	2,709
Scottish Social Services Council	Admitted	2,647	202	2,585	76
Tayside Contracts	Scheduled	8,361	3	8,124	354
Tayside Police Civilians	Scheduled	5,022	-	5,056	-
University of Abertay Dundee	Admitted	1,841	60	1,936	-

5 – Contributions Receivable

The total contributions receivable, analysed between administering authority, other scheduled bodies and admitted bodies, were as follows -

	Administering Authority £000	Other Scheduled Bodies £000	Admitted Bodies £000	Total £000
2024/25				
Member contributions	9,217	18,485	5,615	33,317
Employer contributions	23,764	48,481	14,213	86,458
Strain on Fund	207	2,859	150	3,216
Total	33,188	69,825	19,978	122,991

2023/24	Administering Authority £000	Other Scheduled Bodies £000	Admitted Bodies £000	Total £000
Member contributions	9,043	17,727	5,430	32,200
Employer contributions	25,189	50,112	14,614	89,915
Strain on Fund	2	1,441	206	1,649
Total	34,234	69,280	20,250	123,764

6 – Benefits Payable

The total benefits payable, analysed between administering, other scheduled bodies and admitted bodies, were as follows -

	Total Benefits Payable (incl. Lump Sums)		Lump sums (Retirement and Death Benefits)	
	2023/24 £000	2024/25 £000	2023/24 £000	2024/25 £000
Administering Authority	52,584	61,276	11,299	15,994
Other Scheduled Bodies	77,848	89,843	18,534	23,983
Admitted Bodies	23,103	26,800	5,240	6,770
	153,535	177,919	35,073	46,747

7 – Transfers In from other Pension Funds

The total transfer values received, analysed between administering, other scheduled bodies and admitted bodies, were as follows -

	Transfer Values Received	
	2023/24 £000	2024/25 £000
Administering Authority	940	1,792
Other Scheduled Bodies	3,551	3,162
Admitted Bodies	3,517	2,390
	8,008	7,344

8 – Payments to and on Account of Leavers

The total transfer values paid and refunds, analysed between administering, other scheduled bodies and admitted bodies, were as follows -

	Transfer Values Paid		Refunds	
	2023/24	2024/25	2023/24	2024/25
	£000	£000	£000	£000
Administering Authority	1,796	1,602	92	24
Other Scheduled Bodies	2,076	42,473*	187	77
Admitted Bodies	434	841	91	49
	4,306	44,916	370	150

* On 31st January 2025, Scottish Fire and Rescue Service bulk transferred members to Strathclyde Pension Fund as they consolidated all their LGPS members into one administering fund. The bulk transfer value was £39.268m.

9 - Investment Income

	2023/24	2024/25
	£000	£000
Bonds	20,670	12,581
Dividends from Equities	40,065	39,422
Income from Pooled Investment Vehicles	17,654	16,971
Interest on Custody Cash Deposits	4,078	4,569
Securities Lending	317	143
Interest on Cessation Debt	54	47
Interest on Internal Cash Deposits	893	981
	83,731	74,714
Withholding Tax	(750)	(576)
	82,981	74,138

10 – Investments

Market Value as at	31 March 2024	31 March 2025
Investment Assets	£000	£000
Bonds	264,751	264,061
Equities	2,377,732	2,199,093
Fixed Income Funds	340,263	348,445
Equity Funds	1,569,650	1,492,764
Diversified Alternatives	-	258,876
Multi-Asset	100,000	108,066
Pooled Property Investments	485,213	580,866
Derivative contracts - Futures	1,368	298
Derivatives – Forward Currency Contracts	30	1,173
Cash deposits	322,002	393,073
Investment Income due	11,985	12,650
Amounts receivable for sales	6,306	3,353
Other Investment assets	-	565
Total Investment Assets	5,479,300	5,663,283

Investment Liabilities

Derivative contracts`	(782)	(976)
Amounts payable for purchases	(3,817)	(107,364)
Other Investment liabilities	(824)	-
Total Investment Liabilities	(5,423)	(108,340)
Net Investment Assets	5,473,877	5,554,943

10a Reconciliation of Movements in Investments and Derivatives

	Market value at 31/03/24	Purchases during the year and derivative payments	Sales during the year and derivative receipts	Change in Market Value during the year	Market value at 31/03/25
	£000	£000	£000	£000	£000
Bonds	264,751	130,897	(129,452)	(2,135)	264,061
Equities	2,377,732	771,168	(962,135)	12,328	2,199,093
Pooled Investments	2,009,914	12,821	(152,225)	78,765	1,949,275
Pooled Property Investments	485,212	115,760	(28,240)	8,134	580,866
Diversified Alternatives	-	250,000	-	8,876	258,876
	<u>5,137,609</u>	<u>1,280,646</u>	<u>(1,272,052)</u>	<u>105,968</u>	<u>5,252,171</u>
Derivative Contracts -					
Futures	824	80,301	(75,996)	(5,691)	(562)
Options	-	-	-	-	-
Currency Forwards	(208)	3,272	(3,534)	1,527	1,057
	<u>5,138,225</u>	<u>1,364,219</u>	<u>(1,351,582)</u>	<u>101,804</u>	<u>5,252,666</u>
Other Investment Balances	(824)			2,812	562
Cash Deposits	322,002			(264)	393,073
Amounts receivable for sales	6,306			10	3,353
Investment income due	11,985			-	12,650
Spot FX contracts	-			(145)	3
Amounts payable for purchases	(3,817)			(22)	(107,364)
Net Financial Assets	<u>5,473,877</u>			<u>104,195</u>	<u>5,554,943</u>

Purchases and sales of derivatives are recognised as follows: Futures – on close out or expiry the variation margins are recognised as cash receipts or payments, depending on whether there is a gain or loss. Options – premiums paid and received are reported as payments or receipts together with any close out costs or proceeds arising from early termination. Forward currency contracts settlements are reported as gross receipts and payments. All payments or receipts under swap contract are reported in the reconciliation tables above, together with any close out costs or proceeds arising on early termination.

10b Investments Analysed by Fund Manager

The Fund's investment assets are under the management of five external fund managers. At 31 March 2025, the market value of these investment assets was £5,554.9m (2024 £5,473.9m), managed as follows:

Fund Manager	Mandate	2024		2025	
		£000	%	£000	%
Schroders Property	Property	514,560	9.4	689,511	12.4
Fidelity	Global Equity	1,271,643	23.2	1,192,451	21.4
Baillie Gifford	Global Equity	710,675	13.0	692,980	12.5
Goldman Sachs	Bond	53	0.1	-	-
Fidelity	Bond	375,893	6.9	375,990	6.8
Baillie Gifford	UK Equity	434,001	7.9	366,528	6.6
Legal & General	Passive Equity	1,518,857	27.7	1,444,319	26.0
GSAM Broad Street	Infrastructure	7,910	0.1	3,266	0.1
Northern Trust	Securities Lending	11	-	39	-
Baillie Gifford	Equity (Positive Change)	50,794	0.9	48,449	0.9
The Partners Fund	Private Markets	250,131	4.6	387,034	7.0
LGIM Buy and Maintain	Bond	239,303	4.4	246,309	4.4
Apollo Total Return Fund	Multi-asset	100,046	1.8	108,067	1.9
Net Investment Assets		5,473,877	100.0	5,554,943	100.0

The following investments represent more than 5% of the net assets of the scheme as at 31 March 2025:

	Market value as at 31/03/2024 £000	% of total fund	Market value as at 31/03/2025 £000	% of total fund
LGIM All World Equity Index (OFC)	1,122,324	20.5	661,147	11.9
LGIM Future World Index (OFC)	396,533	7.2	783,168	14.1
	<u>1,518,857</u>		<u>1,444,315</u>	

11 - Analysis of Derivatives

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

Objectives and policies for holding derivatives

Most of the holding in derivatives is to hedge liabilities or hedge exposures to reduce risk in the fund. Derivatives may be used to gain exposure to an asset more efficiently than holding the underlying asset. The use of derivatives is managed in line with the investment management agreements in place between the fund and the various investment managers. Futures - The economic exposure represents the notional value of stock purchased under futures contracts and is therefore subject to market movements. Outstanding exchange traded futures contracts are as follows –

Futures

Type	Expires	Economic exposure £000	Market Value as at 31/03/2024 £000	Economic exposure £000	Market Value as at 31/03/2025 £000
Assets					
UK Fixed Income Futures	Less than one year	78,753	1,328	-	-
Overseas Fixed Income Futures	Less than one year	16,868	40	12,385	298
Total assets			1,368		298
Liabilities					
UK Fixed Income Futures	Less than one year	-	-	64,366	(377)
Overseas Fixed Income Futures	Less than one year	(44,843)	(544)	(63,486)	(483)
Total liabilities			(544)		(860)
Net futures			824		(562)

Open Forward Currency Contracts

Forward foreign currency - A significant proportion of the fund's quoted equity portfolio is in overseas stock. To reduce the volatility associated with fluctuating currency rates, the fund hedges its foreign currency exposure. Open forward currency contracts are as follows –

Settlements	Currency bought	Local Value £000	Currency sold	Local Value £000	Asset value £000	Liability value £000
One to six months	GBP	37,779	EUR	(45,174)	-	(116)
One to six months	GBP	30,973	USD	(38,478)	1,161	-
One to six months	EUR	1,961	GBP	(1,642)	3	-
Up to one month	EUR	2,218	GBP	(1,848)	8	-
Up to one month	GBP	51	EUR	(61)	-	-
Open forward currency contracts at 31 March 2025					1,172	(116)
Net forward currency contracts at 31 March 2025						1,056

Prior year comparative:

	Asset value	Liability value
Open forward currency contracts at 31 March 2024	30	(238)
Net forward currency contracts at 31 March 2024		(208)

The economic exposure represents the nominal value of securities purchased under future contracts and therefore the value is subject to market movements. All future contracts are exchange traded. The Fund uses futures for the purposes of efficient portfolio management and/or risk reduction.

Futures and Forwards are used for the purposes of risk management. The Portfolio uses futures and forward currency contracts to attempt to protect the value of securities and related receivables and payables against changes in future foreign exchange rates.

12 - Fair Value

Basis of Valuation

All investment assets are valued using fair value techniques based on the characteristics of each instrument, where possible using market-based information. There has been no change in the valuation techniques used during the year.

Assets and liabilities have been classified into three levels, according to the quality and reliability of information used to determine fair values.

Level 1 – where the fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities, comprising quoted equities, quoted bonds and unit trusts.

Level 2 – where quoted market prices are not available, or where valuation techniques are used to determine fair value based on observable data.

Level 3 – where at least one input that could have a significant effect on the instrument's valuation is not based on observable market data.

The valuation basis for each category of investment asset is set out below:

Description of asset	Basis of valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
Level 1			
Quoted equities	The published bid market price on the final day of the accounting period.	Not required.	Not required.
Quoted fixed income bonds and unit trusts	Quoted market value based on current yields	Not required	Not required
Futures and UK bond options'	Published exchange price at the year-end	Not required	Not required
Cash and cash equivalents	Carrying value is deemed to be fair value because of the short-term nature of these financial instruments.	Not required.	Not required.
Amounts receivable From investment sales	Carrying value is deemed to be fair value because of the short-term nature of these financial instruments.	Not required.	Not required.
Investment debtors and creditors	Carrying value is deemed to be fair value because of the short-term nature of these financial instruments.	Not required.	Not required.
Level 2			
Gilts, TIPS (Treasury Inflation Protected Securities)	Fixed income securities are priced based on evaluated prices provided by	Evaluated price feeds.	Not required.

	independent pricing services.		
Pooled investments – equities, fixed income, and managed property funds	Closing bid price where bid and offer price are published Closing single price where single price published.	NAV – based pricing set on a forward pricing basis.	Not required.
Forward foreign exchange derivatives	Market forward exchange rates at the year-end	Exchange rate risk	Not required
Level 3			
Directly held property / Affordable Housing	Valued at year end by external valuer DM Hall / Allsop in accordance with the Royal Institute of Chartered Surveyors' Red Book Global Valuation Standards (introduced with effect from 31 January 2020).	<ul style="list-style-type: none"> • Existing lease terms • Nature of tenancies • Covenant strength • Vacancy levels • Estimated rental growth • Discount rate 	Significant changes in rental growth, vacancy levels or the discount rate could affect valuations as could more general changes to market prices.
Private Equity / Infrastructure / Private Debt	Comparable valuation of similar companies in accordance with International Private Equity and Venture Capital Valuation Guidelines 2018 and the IPEV Board's Special Valuation Guidance (March 2020).	<ul style="list-style-type: none"> • EBITDA multiple • Revenue multiple • Discount for lack of marketability • Control Premium 	Valuations could be affected by changes to expected cashflows or by differences between audited and unaudited accounts.

Fair Value Hierarchy

Market Value as at 31/03/2025	Quoted market price	Using observable inputs	With significant unobservable inputs	Total
	Level 1 £000	Level 2 £000	Level 3 £000	£000
<u>Financial assets at fair value through profit and loss -</u>				
Bonds	259,384	4,662	15	264,061
Equities	2,199,085	-	8	2,199,093
Pooled Funds	102,136	1,739,073	366,942	2,208,151
Pooled Property Investments	101,090	219,509	260,267	580,866
Derivative contracts	278	1,193	-	1,471
Cash deposits	366,675	26,398	-	393,073
Investment Income due	12,434	186	30	12,650
Amounts receivable for sales	-	3,353	-	3,353
Other Investment assets	582	(17)	-	565

Non-financial assets at fair value through profit and loss -

Property - - - -

Financial liabilities at a fair value through profit and loss -

Payable for investment purchases - (107,364) - (107,364)

Derivative Liabilities (860) (116) - (976)

Net financial assets **3,040,804** **1,886,877** **627,262** **5,554,943**

Market Value as at 31/03/2024

Quoted market price	Using observable inputs	With significant unobservable inputs	Total
Level 1 £000	Level 2 £000	Level 3 £000	£000

Financial assets at fair value through profit and loss -

Bonds - 264,751 - 264,751

Equities 2,377,724 - 8 2,377,732

Pooled Funds 150,794 1,859,120 - 2,009,914

Pooled Property Investments - 480,291 4,922 485,213

Derivative contracts 1,368 30 - 1,398

Cash deposits 315,633 6,369 - 322,002

Investment Income due 7,305 4,679 - 11,984

Amounts receivable for sales - 6,306 - 6,306

Other Investment assets - - - -

Non-financial assets at fair value through profit and loss -

Property - - - -

Financial liabilities at a fair value through profit and loss -

Payable for investment purchases - (3,817) - (3,817)

Other investment liabilities (829) 5 - (824)

Derivative Liabilities (538) (244) - (782)

Net financial assets **2,851,457** **2,617,490** **4,930** **5,473,877**

12a Reconciliation of Fair Value Measurements within Level 3

	Market Value as at 31/03/2024 £000	Transfers in/out of Level 3 £000	Purchases £000	Sales £000	Unrealised gains (losses) £000	Realised gains (losses) £000	Market Value as at 31/03/2025 £000
UK Property Funds	4,922	265,942	15,815	(28,224)	969	873	260,297
Overseas Equities	8	-	-	-	-	-	8
Diversified Alternatives	-	-	250,000	-	8,876	-	258,876
Multi-asset	-	100,000	-	-	8,066	-	108,066
UK quoted	-	-	-	-	15	-	15
Total	4,930	365,942	265,815	(28,224)	17,926	873	627,262

12b Sensitivity of Assets Valued at Level 3

Having analysed historical data and current market trends, and consulted with independent investment advisors (Isio), Tayside Pension Fund has determined that the valuation methods are likely to be accurate to within the following ranges and has set out the below consequent potential impact on the closing value of the investments held at 31 March 2025.

	Assessed valuation range (+/-)	Value as at 31/03/2025 £000	Value on Increase £000	Value on Decrease £000
UK property Funds	13%	260,297	294,102	226,432
Overseas Equities	21%	8	9	6
Diversified Alternatives	18%	258,876	305,473	212,278
Multi-asset	9%	108,066	117,793	98,341
UK quoted	12.5%	15	17	13
Total		627,262	717,394	537,070

13 - Financial Instruments

13a Classification of Financial Instruments

Market Value as at 31/03/2024			Market Value as at 31/03/2025		
Designated as fair value through profit and loss	Loans and receivables	Financial liabilities at amortised cost	Designated as fair value through profit and loss	Loans and receivables	Financial liabilities at amortised cost
£000	£000	£000	£000	£000	£000
Financial assets					
264,751	-	-	264,061	-	-
2,377,732	-	-	2,119,093	-	-
2,009,914	-	-	1,949,275	-	-
485,213	-	-	580,866	-	-
-	-	-	-	-	-
-	-	-	258,876	-	-
1,398	-	-	1,471	-	-
10,969	311,032	-	26,509	366,564	-
-	11,985	-	565	12,650	-
-	6,306	-	-	3,353	-
5,149,977	329,323	-	5,280,716	382,567	-
Financial liabilities					
(782)	-	-	(976)	-	-
-	-	(824)	-	-	-
-	-	(3,817)	-	-	(107,364)
(782)	-	(4,641)	(976)	-	(107,364)
5,149,195	329,323	(4,641)	5,279,740	382,567	(107,364)
5,473,877			5,554,943		

13b Net Gains and Losses on Financial Instruments

Market Value as at 31/03/2024		Market Value as at 31/03/2025	
£000	Financial Assets	£000	Financial Liabilities
603,263	Fair value through profit and loss	105,968	Fair value through profit and loss
1,947	Loans and receivables	2,823	Loans and receivables
13,865		(4,164)	
(3,383)		(432)	
615,692		104,195	

14 - Stock Lending

The total amount of stock released to third parties under a stock lending arrangement at 31 March 2025 was £64.5m (2024 £73.1m). These assets continue to be recognised in the Fund's financial statements. No liabilities are associated with the loaned assets. Stock lending commissions are remitted to the Fund via the custodian. During the period, the stock is on loan, the voting rights of the loaned stock pass to the borrower.

15 - Additional Voluntary Contributions (AVCs)

As AVCs are invested separately from the investments of the scheme itself and secure extra benefits on a money purchase basis for members that have elected to contribute, it has been decided in accordance with The Pensions Scheme (Management and Investment of Funds) Regulations 1998 not to include the relevant figures in the financial statements.

Net Asset Value	31 March 2024	31 March 2025
	£000	£000
Prudential	12,621	14,595
Standard Life	3,477	3,217
Contributions Received	2023/24	2024/25
	£000	£000
Prudential	3,816	4,926
Standard Life	201	327

16 - Actuarial Present Value of Promised Retirement Benefits

The actuarial value of the promised retirement benefits as at 31 March 2025, calculated in line with International Accounting Standard 19 (IAS19) assumptions, is estimated to be £3,572.3m (2024 £3,981.0m) of which £3,522.5m (2024 £3,921.8m) is a vested obligation and £49.8m (2024 £59.2m) is a non-vested obligation. This figure is used for statutory accounting purposes by Tayside Pension Fund and complies with the requirements of IAS26. The figure is only prepared for the purposes of IAS26 and has no validity in other circumstances. In particular, it is not relevant for calculations undertaken for funding purposes and setting of contributions payable to the Fund.

An allowance was made for the potential impact of the McCloud & Sargeant judgement in the results provided to the Fund at the last accounting date and therefore is already included in the starting position for this report. This allowance is therefore incorporated in the roll forward approach and is remeasured at the accounting date along with the normal LGPS liabilities.

As noted above, the liabilities above are calculated on an IAS19 basis and therefore will differ from the results of the 2023 triennial funding valuation because IAS19 stipulates a discount rate rather than a rate which reflects market rates.

IAS19 Assumptions Used	2023/24	2024/25
	%	%
Inflation / pension increase rate	2.90	2.95
Salary increase rate	3.90	3.95
Discount rate	4.85	5.75

17 – Current Assets

	2023/24	2024/25
	£000	£000
Contributions Due from Employers	9,984	10,386
Cash and bank	13,260	6,125
Pending sales ledger income	215	64
Employer cessation valuation	1,769	-
Miscellaneous debtors	305	415
	<u>25,533</u>	<u>16,990</u>

18 – Current Liabilities

	2023/24	2024/25
	£000	£000
Unpaid benefits	3,346	3,651
Custodian fees	81	53
Cash and bank	39	28
Investment Manager Fees	2,161	2,102
Consultancy fees	30	25
Pending purchase ledger payments	1	-
HMRC	140	66
Audit Services	79	42
Miscellaneous creditors	8	37
	5,885	6,004

19 - Audit Fee & Other Services

The Fund have been subject to separate external and internal audits to that of the Council. The Fund incurred an external audit fee of £32,790 for the financial year. (2024 £32,180). During 2024/25 financial year the Fund received no other services from Audit Scotland. The Fund also incurred internal audit fees of £42,379 from PwC (2024 £100,996)

20 – Management Expenses

	2023/24	2024/25
	£000	£000
Administrative costs	2,238	2,097
Investment management expenses	10,422	11,074
Oversight and governance costs	101	108
	12,761	13,279

21 – Investment Expenses

	2023/24	2024/25	
	£000	£000	
Management fees	9,431	9,911	
Custody fees	103	77	
Performance monitoring service	25	28	
Investment consultancy	159	101	
Commission recapture	(2)	(2)	
Transaction costs	706	959	
	10,422	11,074	
Investment Management fees as a percentage of Net Financial Assets	0.19%	0.20%	
	Management fees	Transaction costs	Total
	£000	£000	£000
Bonds	937	-	937
Equities	6,950	958	7,908
Pooled investments	244	-	244
Property	1,713	-	1,713
Alternatives	23	-	23
Securities Lending	43	-	43
	9,910	958	10,868
Custody fees			105
Consultancy fees			101
Total			11,074

22 – Nature and Extent of Risks arising from Financial Instruments

The Fund's primary long-term risk is that its 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 market risk (other 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.

The Career Average Revalued Earnings (CARE) scheme came into effect on 1 April 2015. There is an increased risk of error/communication failure due to lack of awareness of new scheme regulations. The Fund manages this risk through employer updates, a newsletter, and specialist sessions at an annual forum.

Responsibility for managing the Fund's risk rests with the Pension Sub-Committee. A risk register for the Fund has been established to identify and analyse the risks that the Fund faces.

Market Risk

Market risk is the risk of loss from fluctuations in currency, interest rate risk and other price risk. The level of risk exposure depends on, but is not limited to, 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.

In general, excessive volatility in market risk is managed through the diversification of the portfolio in terms of geography, industry sectors and individual securities. To mitigate market risk, the Fund and its investment adviser 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 investment strategy.

Other price risk – sensitivity analysis

Following analysis of historical data and expended investment return movements, in consultation with the Council's investment adviser, it has been determined that the following movements in market price risk are reasonably possible for this reporting period.

	Potential Market Movement
	+/- per annum
Equities	
UK	20.5%
Emerging Markets	28.0%
Global	21.0%
Bonds	

UK Index-Linked Gilts	12.5%
UK Gilts	13.5%
UK Corporate	12.5%
Multi-asset Credit	9.0%
Other	9.0%
Property	13.0%
Alternatives	18.0%
Cash	2.0%

Source: ISIO

Potential price changes are determined based on the historical volatility of asset class returns and expected future returns. The potential volatilities are consistent with a one standard deviation movement in the change in value of the assets and are based on the investment adviser's 10-year capital market assumptions for asset class volatilities as at 31 March 2025. If the market price of the Fund's investments increases/decreases in line with the above, the change in the net assets available to pay benefits in the market price could be as follows:

	Value £	% Change	Potential change in year in the net assets available to pay benefits	
			Favourable Market Movement £	Unfavourable Market Movement £
Equities				
UK	436,448,369	20.5%	525,920,284	346,976,453
Emerging Markets	-	28.0%	-	-
Global	3,255,408,206	21.0%	3,939,043,930	2,571,772,483
Bonds				
UK Index-Linked Gilts	102,135,973	12.5%	114,902,969	89,368,976
UK Gilts	323,868	13.5%	367,591	280,146
UK Corporate	107,409,195	12.5%	120,835,344	93,983,045
Multi-asset Credit	108,066,470	9.0%	117,792,452	98,340,488
Other	402,075,773	9.0%	438,262,592	365,888,953
Property	580,866,039	13.0%	656,378,624	505,353,454
Alternatives	258,876,000	18.0%	305,473,680	212,278,320
Cash	303,332,493	2.0%	309,399,143	297,265,843

Source: ISIO/Northern Trust

Interest rate sensitivity analysis

The Fund invests in financial assets for the primary purpose of obtaining a return on investments. Some of 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 conditions.

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

The Fund 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 Fund's direct exposure to interest rate movement as at 31 March 2025 is set out below. These disclosures present interest rate risk based on the underlying financial assets at fair value.

The analysis 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 (assuming a parallel shift in the interest rate curve):

Asset Type	Carrying amount as at 31 March 2025 (£)	Potential change in year in the net assets available to pay benefits £	
		100bps	-100bps
Fixed Interest Securities	618,437,032	(13,875,752)	13,875,752
Index-Linked Securities	102,135,973	(18,486,611)	18,486,611
Cash	393,072,495	-	-
Total change in assets available	1,113,645,500	(32,362,363)	32,362,363

Source: Northern Trust

A 1% increase in interest rates will not affect the interest received on fixed interest assets but will reduce their fair value and vice versa. A 1% increase in interest rates may potentially increase the interest rate income received on cash and cash equivalents by £3,930,725 and vice versa.

Currency Risk

Currency risk represents the risk that the fair value of future cash flows 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 does not have a currency hedging programme but individual investment managers may hedge some currencies from time to time on a tactical basis. As any hedging could be temporary, the analysis below does not allow for any currencies that are hedged at 31 March 2025. The Fund is invested in equities and bonds that are denominated in currencies other than GBP. The following table summarises the Fund's currency exposure at 31 March 2025:

Currency exposure – asset type	Asset value (£)
	31 March 2025
Overseas quoted securities	1,762,644,427
Overseas unit trusts	1,492,763,779
Overseas public sector bonds (quoted)	5,773,891
Overseas corporate bonds (quoted)	150,177,072
Total Overseas assets	3,411,359,169

Source: Northern Trust

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 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.

The Fund has an Annual Treasury Strategy which sets out the 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 Fund'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 cash holding under its treasury management arrangements at 31 March 2025, including current account cash, was £6.157m (2024: £13.288m). This was held with the following institutions -

	Credit Rating	Balance as at 31 March 2024 £'000	Balance as at 31 March 2025 £'000
Money Market Funds -			
Federated	AAAmf	4,070	-
LGIM	AAAmf	9,190	6,125
Current account -			
Royal Bank of Scotland	F1	28	32

Liquidity Risk

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

23 – Assumptions made about the Future and Other Major Sources of Estimation Uncertainty

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

The items in the net assets statement as at 31 March 2025 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows -

Actuarial present value of promised retirement benefits (note 16)

Uncertainties

Estimation of the net liability depends on several complex judgements relating to 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. A firm of consulting actuaries, Barnett Waddingham, is engaged to provide the fund with expert advice about the assumptions to be applied.

Effect if actual results differ from assumptions	£000	£000
Present value of total obligation	3,572,278	
Sensitivity to	+0.1%	-0.1%
Discount rate	3,521,000	3,624,791
Long term salary increases	3,577,435	3,567,153
Pension increases and deferred revaluation	3,621,026	3,524,697
Sensitivity to	+1 year	-1 year
Life expectancy assumptions	3,720,746	3,430,407

Financial Assets and Liabilities measured at fair value

Uncertainties

When the fair value of financial assets and financial liabilities cannot be measured based on quoted prices in active markets, their fair value is measured using recognised valuation techniques but as these investments are not publicly listed there is a degree of estimation involved in the valuation.

24 - Contingent Liabilities

Contingent Liabilities reflect possible liabilities facing the Fund where the potential amount is unable to be estimated, and/or it is still not deemed probable that an obligatory event has arisen. There are a number of judgements from recent pensions litigation which may have some impact on the valuation of scheme liabilities. These include the following –

McCloud. Benefits accrued by certain members between 2015 and 2022 may increase following the McCloud case, which ruled that transitional protections introduced in 2015 for older members were discriminatory. Barnett Waddingham made an allowance in the 2023 actuarial valuation for the cost of these potential improvements, based on the guidance issued by the Scottish Public Pensions Agency on 28 April 2023.

GMP Equalisation. Remediation adjustments are in the final phase (phase 3). It is assumed that all increases on GMPs for members reaching State Pension age after 6 April 2016 will be paid for by LGPS employers in the Fund.

Goodwin case refers to a tribunal outcome that changed 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. The impact of this is likely to be very small for the Fund and therefore no allowance was made for this in the 2023 valuation.

Virgin Media / section 37 legal ruling. The Virgin Media judgment confirmed that amendments to pension scheme rules affecting section 9(2B) rights are void unless accompanied by a valid actuarial certificate confirming that the scheme continued to meet the statutory contracting-out requirements. While the case specifically concerned a private sector scheme, its implications for public service pension schemes are still under consideration.

HM Treasury is currently assessing the potential impact of the ruling on public service schemes, including the Local Government Pension Scheme (LGPS). However, it is understood that HM Treasury does not consider the judgment to have directly addressed whether actuarial certification is required for amendments made to public service schemes, which are typically enacted through legislation.

The general position in public law is that legislation remains valid unless and until it is repealed, revoked, or declared void by a competent court. As such, amendments made to public service pension schemes via statutory instruments are presumed to remain in force.

Tayside Pension Fund continues to monitor developments and awaits further guidance from HM Treasury and as a result does not consider it necessary to make any allowance for the potential impact of the Virgin Media case in the disclosure of the actuarial present value of promised retirement benefits in its financial statements.

25 – Post Balance Sheet Event

Two admitted employer bodies exited Tayside Pension Fund following the balance sheet date. Idverde left the scheme on 30 April 2025, and Dovetail Enterprises exited on 9 May 2025.

FUNDING

An actuarial valuation is required every three years in accordance with Regulation 60 of the Local Government Pension Scheme (Scotland) Regulations 2014. The main purpose of the valuation is to review the financial position of the Fund and to set appropriate contribution rates for each employer in the Fund.

The purpose of the three yearly actuarial valuation is to ensure that the Pension Fund has sufficient resources to provide for their members' pensions and lump sum benefits. The contribution from employees is fixed by statute and the only adjustable variable at each valuation is the level of employer's contributions.

The actuarial valuation is essentially a measurement of the Fund's liabilities, having specific regard to:

- the desirability of maintaining as nearly constant a primary rate as possible.
- the current version of the administering authority's funding strategy statement.
- the requirement to secure the solvency of the pension fund; and
- the long-term cost efficiency of the Scheme (i.e. the LGPS for Scotland as a whole), so far as relating to the pension fund.

The 2023 actuarial valuation was undertaken as at 31st March 2023 and the outcome of this valuation sets the employer's rate of contributions for the 3 years from 1st April 2024. The outcome of the 2023 actuarial valuation states that the common contribution rate for active employers for financial years 2024/25, 2025/26 and 2026/27 will reduce to 15.7%, with exception of Travel Dundee where a fixed 40% employer contribution is applicable, or employers who have closed the scheme to new members. Their contribution rate will be set individually by the Fund's actuaries based upon their specific profile.

It is the responsibility of Dundee City Council, acting in its capacity as Administering Authority to the Tayside Pension Fund, to prepare, publish and maintain an annual Funding Strategy Statement having regard to guidance produced in February 2016 by the Chartered Institute of Public Finance and Accountancy (CIPFA) in a document entitled "Preparing and Maintaining a Funding Strategy Statement". This document can be read in full via the link to the Tayside Pension Fund website:

<https://www.taysidepensionfund.org/resources/funding-strategy-statement-march-2024/>



Tayside Pension Fund

Actuary's Statement as at 31 March 2025

Barnett Waddingham LLP

23 May 2025

Introduction

The last full triennial valuation of the Tayside Pension Fund (“the Fund”) was carried out as at 31 March 2023 as required by Regulation 60 of the Local Government Pension Scheme (Scotland) Regulations 2014 and in accordance with the Funding Strategy Statement of the Fund. The results were published in the triennial valuation report dated 27 March 2024.

Asset value and funding level

On 31 March 2023, the smoothed value of assets used for valuation purposes, and which included a 10% volatility reserve deduction was £4,340m which represented 110% of the liabilities of the Fund valued on an ongoing basis.

Contribution rates

The contribution rates, in addition to those paid by the members of the Fund, are set to be sufficient to meet:

- The cost of the annual accrual of benefits allowing for future pay increases and increases to pensions in payment when these fall due, or “primary rate”.
- plus, an amount to reflect each participating employer’s notional share of the Fund’s assets compared with 100% of their liabilities in the Fund, in respect of service to the valuation date.

The 2023 valuation certified an average primary rate of 22.5% p.a. of pensionable pay. Each employer body participating in the Fund must pay a contribution rate consisting of the employer’s individual primary rate and a secondary rate reflecting the employer’s particular circumstances and funding position within the Fund.

Details of each employer’s contribution rate are contained in the Rates and Adjustment Certificate in the triennial valuation report.

Assumptions

The assumptions used to value the liabilities on 31 March 2023 are summarised below:

Assumptions as of 31 March 2023

Discount rate	4.3% p.a.
Salary increases	3.7% p.a.
Pension increases	2.7% p.a.
Post-retirement mortality (member) – base table	Male/Female 105% / 115% of the S3PA_H tables
Allowance for improvement in life expectancy	CMI 2022 Model with a long-term rate of improvement of 1.25% p.a., a smoothing parameter of 7.0, an initial addition to improvements of 0.0% p.a. and weighting parameters of 0%, 0% and 25% for 2020-2022 respectively.
Retirement age	For each tranche of benefit, the “tranche retirement age” is the earliest age a member could retire with unreduced benefits. Each member is assumed to retire at the weighted average of these for all tranches of benefit.

Allowance for cash commutation	Members will commute pension at retirement to provide a lump sum of 50% of the maximum allowed under HMRC rules and this will be at a rate of £12 lump sum for £1 of pension
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Updated position

Assets

Returns over the year to 31 March 2025 have been lower than expected. As at 31 March 2025, in market value terms, the Fund assets were more than they were projected to be based on the previous valuation.

Liabilities

The key assumption which has the greatest impact on the valuation of liabilities is the real discount rate (the discount rate relative to CPI inflation) – the higher the real discount rate the lower the value of liabilities. As at 31 March 2025, the real discount rate calculated using the same methodology as at 31 March 2023 but updated for changes in market conditions is lower than at the 2023 valuation. This has increased the liabilities.

The value of liabilities will have further increased since the 2023 triennial valuation due to interest accrued over the period as well as actual inflation being higher than previously anticipated. Accrued benefits increased by 1.7% in line with the 2025 pension increase order, which is lower than the pension increase assumption at the previous valuation, reducing how much the value of liabilities increased by. However, over the whole period since 31 March 2023 pension increases have been higher than expected.

Overall position

On balance, we estimate that at 31 March 2025 there is sufficient volatility reserve to maintain the funding level at the previous valuation level of 110% using assumptions consistent with those adopted at the 2023 valuation.

Overall, the funding position is broadly comparable to the previous valuation and the surplus position would be sufficient to maintain contribution rates at current levels.

We will continue to monitor the funding level on a quarterly basis as requested by the administering authority.

Graeme Muir FFA
Partner, Barnett Waddingham LLP

STATEMENT OF INVESTMENT PRINCIPLES & INVESTMENT BELIEFS

The Statement of Investment Principles (SIP) is the Fund's main investment policy document. The SIP is reviewed annually (or more often if required) and updated to reflect any changes approved by the Pension Sub-Committee.

The Local Government Pension Scheme (Management and Investment of Funds) (Scotland) Regulations 2010 require administering authorities to prepare, maintain, and publish a written Statement of Investment Principles. A Statement of Investment Principles should cover the policy on:

- The types of investments to be held.
- The balance between different types of investments.
- Risk, including the ways in which risks are to be measured and managed.
- The expected return on investments.
- The realisation of investments.
- The extent to which social, environmental, or ethical considerations are taken into account in the selection, retention, and realisation of investments.
- The exercise of the rights (including voting rights) attaching to investments.
- Stock lending; and
- The extent of compliance with the six principles of investment practice set out in CIPFA publication "Investment Decision Making and Disclosure in Local Government Pension Scheme: A Guide to the Application of the Myners Principles" (December 2009).

STATEMENT OF INVESTMENT BELIEFS

In addition to investment policy, Tayside Pension Fund has developed a Statement of Investment Beliefs to ensure that investment strategies employed by the Fund remains consistent with its investment beliefs.

This Statement of Investment Beliefs has been designed to support the Fund in underpinning the investment decision-making process for the future, and also as a reference point for supporting why investment decisions are made. The Statement of Investment Beliefs should be viewed in conjunction with the Fund's Statement of Investment Principles, Funding Strategy Statement and Environmental, Social and Governance ("ESG") Policy.

The statement is reviewed annually to ensure that it remains both in-line with the documents noted above and with the Fund's overall objectives. These are set out in the Fund's Funding Strategy Statement and, are as noted below:

- To maximise investment income within reasonable risk parameters so as to ensure that sufficient resources are available to manage liabilities effectively, and that all liabilities are met as they fall due; and
- Build up the required assets in such a way that employer contributions remain stable in the short term and at reasonable cost to the Fund's Employers and to the taxpayers over the longer term.

The full documents can be found on the Tayside Pension Fund website. Please find link below:

[Statement of Investment Principles Review June 2025 | Tayside Pension Fund](#)

INVESTMENT STRATEGY

The Fund's investment objective is to support the funding strategy by adopting a suitable investment strategy and structure, incorporating the appropriate balance of returns for the accepted level of risk. The current funding strategy requires the Fund to hold the following diversified portfolio and achieve the required returns. The 2023 valuation stipulated a required absolute return of 4.3% p.a. (CPI + 1.6%) from the current blend and weighting of asset classes in order to achieve the key investment objective of maintaining the ability to meet current and future pension liabilities through effective long-term investment, whilst acting prudently where possible to protect its funding level and maintaining stable and affordable employer contribution rates (currently 15.7% from 1 April 2024).

Following the outcome of valuation, a review of investment strategy was undertaken and the following strategy was approved on 9th December 2024, with amended benchmarks asset benchmarks becoming effective 1st April 2025

Tayside Pension Fund – Liability benchmark		
4.3%p.a. or CPI + 1.6 (based on CPI 2.7% at 31/3/23)		
Tayside Pension Fund - Target Asset Allocation return		
Asset Class	Allocation	Required Nominal Return p.a.
Equities	65%	7.5%
Gilts	13%	1.9%
Bonds		2.6%
Property	12%	6.3%
Local and Alternative Opportunities	10%	5.05% overall, with individual returns appropriate to level of risk.

Asset Allocation as at 31 March 2025 was as follows:

Asset Class	Asset Distribution 31 March 2024		Asset Distribution 31 March 2025	
	Fund Actual %	Target Allocation %	Fund Actual %	Target Allocation %
Equities	72.8	65.0	67.4	65.0
Bonds, Gilts	13.1	13.0	13.1	13.0
Property	9.4	12.0	12.4	12.0
Alternatives	4.7	10.0	7.1	10.0
Total	100.0	100.0	100.0	100.0

Benchmarks 1/4/24 to 31/3/25			
Tayside Main Fund - Strategic Benchmark for Investment Return			
7.9%p.a. or CPI + 5.2% (based on CPI 2.7% at 31/3/23)			
EQUITIES	FIXED INCOME	PROPERTY	ALTERNATIVES
15.0%: FTSE All Share	15%: SONIA + 5.3%	100%: IPD All Balanced Property Funds Weighted Average Index	100%: 6% p.a. absolute return
19.3%: MSCI ACWI GD	35%: iBoxx Sterling non-gilt index + 0.5%		
31.4%: MSCI ACWI ND			

7.3%: FTSE AW North America	36%: ML Sterling Non-Gilts Index		
2.8%: FTSE Developed Europe (Ex UK)			
1.4%: FTSE Japan			
11.7%: FTSE All World			
0.6%: FTSE Developed Asia Pacific Ex Japan	14%: FTSE Index-Linked Over 5yr Index		
1.2%: FTSE AW Emerging Markets			
9.3%: Solactive L&G ESG Global Markets Index			

In order to ensure a prudent and balanced investment exposure to an acceptable level of investment risk, these benchmarks are further refined at portfolio level as follows:

Portfolio Benchmarks				
Manager	Asset Class	Weighting	Current Benchmark	Performance Target (3yr rolling)
Fidelity	Global Equities (active)	21%	100% MSCI AC World Index	+ 1.5% pa (gross of fees)
Baillie Gifford Global Alpha	Global Equities (active)	12%	100% MSCI AC World Index	+ 1.75 to 2% pa (net of fees)
Baillie Gifford UK	UK Equities (active)	12%	100% FTSE All Share Index	+ 1.75 to 2% pa (net of fees)
LGIM	Global Equities (passive)	25%	100% FTSE AW Index	+/- 0.5% p.a. (for 2 years out of 3)
GSAM	Fixed Income (UK)	9%	Yield to maturity of 3%	+ 1.25% pa (gross of fees)
Fidelity	Fixed Income (UK)	9%	72% ML Sterling Non-Gilts Index 28% FTSE Index-Linked Over 5 Year Index	+ 0.75% pa (gross of fees)
Schroders	Property (UK)	12%	100% IPD All Balanced Property Funds Weighted Average Index	+ 0.75% pa
GSAM	Real Estate Credit	<1%	UK CPI + 9%	
Northern Trust	Securities Lending	Circa 70%	N/A	0.026% pa

Revised benchmarks effective 1/4/25			
Tayside Main Fund - Strategic Benchmark for Investment Return			
7.9%p.a. or CPI + 5.2% (based on CPI 2.7% at 31/3/23)			
EQUITIES	FIXED INCOME	PROPERTY	ALTERNATIVES
11%: FTSE All Share	15%: SONIA + 5.3%	100%: IPD All Balanced Property Funds Weighted Average Index	100%: 6% p.a. absolute return
19%: MSCI ACWI GD	35%: iBoxx Sterling non-gilt index + 0.5%		
31%: MSCI ACWI ND			
18%: FTSE All World	36%: ML Sterling Non-Gilts Index		
21%: Solactive L&G ESG Global Markets Index	14%: FTSE Index-Linked Over 5yr Index		

Portfolio Benchmarks				
Manager	Asset Class	Weighting	Current Benchmark	Performance Target (3yr rolling)
Fidelity	Global Equities (active)	22%	100% MSCI AC World ND Index	+ 2% pa (gross of fees)
Baillie Gifford Global Alpha	Global Equities (active)	12.5%	100% MSCI AC World GD Index	+ 2% pa (gross of fees)
Baillie Gifford UK	UK Equities (active)	7.5%	100% FTSE All Share Index	+ 1.5% pa (gross of fees)
Baillie Gifford Positive Change	Global Equities (active)	1%	100% MSCI AC World GD Index	+ 2% pa (gross of fees)
LGIM	Global Equities (passive)	27%	46% FTSE All World 54% Solactive L&G ESG Global Markets Index	+/- 0.5% p.a. (for 2 years out of 3)
Apollo	Multi-Asset Credit	2%	SONIA	+5.3% p.a. (net of fees)
LGIM	Buy and Maintain	4.5%	iBoxx Sterling non-gilt index	+0.5% p.a. (net of fees)
Fidelity	Fixed Income (UK)	6.5%	72% ML Sterling Non-Gilts Index 28% FTSE Index-Linked Over 5 Year Index	+ 0.65% pa (gross of fees)
Schroders	Property (UK)	12%	100% IPD All Balanced Property Funds Weighted Average Index	+ 0.75% pa
Partners Group	Diversified Alternatives	5%	6% p.a. absolute return	N/A
GSAM	Real Estate Credit	<1%	UK CPI + 9%	
Northern Trust	Securities Lending	Circa 70%	N/A	0.026% pa

INVESTMENT PERFORMANCE

Market Commentary

Global Economic Overview

The global economy in the year to 31 March 2025 navigated a complex and shifting landscape marked by persistent inflationary pressures, geopolitical tensions, and evolving monetary policy responses, which resulted in extreme market volatility. While growth remained resilient in many regions, the outlook became increasingly cautious as the year progressed.

Global economic growth remained subdued, with the International Monetary Fund (IMF) and S&P Global both revising down their forecasts for 2025 amid growing uncertainty. Inflation, while easing from its post-pandemic highs, remained above target in many advanced economies. Central banks, including the US Federal Reserve and the European Central Bank, maintained elevated interest rates for much of the period, citing sticky core inflation and resilient labour markets.

Consumer confidence showed signs of recovery in early 2024, particularly in the US, but remained below long-term averages globally. Whilst retail sales growth was steady in the US, it lagged in the eurozone, reflecting the regional economic disparities.

Economic Growth and Inflation Trends - Global GDP growth moderated slightly, with the Organisation for Economic Cooperation and Development (OECD) reporting a slowdown from 3.2% in 2024 to a projected 3.1% in 2025. This slowdown was driven by a combination of tighter financial conditions, weaker trade flows, and subdued investment sentiment. Inflation, while easing from its post-pandemic peaks, remained above central bank targets in many economies. Services inflation, in particular, proved sticky, with a median rate of 3.6% across OECD countries.

Monetary Policy and Interest Rates - Central banks adopted a more subtle approach to monetary policy. While some, such as the European Central Bank (ECB), began cautiously cutting interest rates in early 2025 to support slowing economies, others maintained a wait-and-see stance amid lingering inflation concerns. The ECB reduced its key rate by 25 basis points in March 2025, while Mexico implemented a more aggressive 50 basis point cut.

In contrast, countries like Brazil and Russia continued to raise rates to combat inflation, highlighting the divergence in global monetary policy paths.

Geopolitical and Trade Uncertainty - Geopolitical instability and rising trade protectionism were dominant themes. The escalation of trade tensions, particularly involving major economies, contributed to a more fragmented global trading environment. This uncertainty weighed heavily on business and consumer confidence.

Financial Markets - Financial markets experienced heightened volatility, particularly in response to shifting interest rate expectations and geopolitical developments. Equities saw mixed performance, with developed markets generally underperforming amid weaker earnings outlooks and cautious investor sentiment. Bond markets, meanwhile, reflected the evolving interest rate landscape, with yields fluctuating in response to central bank signals.

Global Outlook - Looking ahead, the global economy faces a delicate balancing act. While inflation is expected to gradually moderate, the path of interest rates remains uncertain. Risks to the outlook include further trade fragmentation, further policy changes, and potential financial market disruptions. Nonetheless, opportunities still remain for growth, particularly if geopolitical tensions ease and structural reforms are implemented to boost productivity and investment.

UK Economic Overview

UK GDP growth was effectively flat over the period, with some forecasts suggesting a technical recession during the summer of 2024. The primary drag on activity stemmed from the lagged effects of tight financial conditions, which weighed on housing, corporate margins, and consumer spending. Inflation fell from an average of 7.3% in 2023 to around 2.6% in 2024, though core and services inflation remained stubbornly high.

The Bank of England (BoE) maintained a restrictive monetary policy stance throughout most of the year, resisting early calls for rate cuts. Although inflation was easing, the BoE signalled that monetary policy would need to remain tight until inflation expectations were firmly anchored.

UK Outlook - The UK economy is expected to recover modestly through the remainder of 2025, following a period of weak growth and persistent inflation. While headline inflation is forecast to ease gradually, core inflation and wage pressures remain elevated, complicating the Bank of England's path to rate cuts.

Growth is likely to be supported by rising household disposable incomes and increased government spending. However, external risk, such as global trade tensions and financial market volatility, continue to weigh on exports and business confidence.

The Bank of England is expected to adopt a cautious, gradual approach to monetary easing, with small rate cuts anticipated throughout the year. Labour market resilience and fiscal policy will be key factors influencing the pace of recovery.

Global Equities Summary

Global economic growth slowed during the year, with S&P Global revising its 2025 GDP growth forecast downward from 2.5% to 2.2%. This deceleration was attributed to a combination of tighter financial conditions, persistent inflationary pressures, and escalating geopolitical tensions, particularly surrounding global trade.

Global equity markets experienced a mixed performance over the period. After a strong start in early 2024, momentum faded in the second half due to macroeconomic headwinds and geopolitical uncertainty.

- **Developed Markets:** Equities in the US and Europe were largely driven by sectoral performance, with gains in technology and healthcare offset by weakness in cyclical sectors such as industrials and consumer discretionary.
- **Emerging Markets:** Performance was more volatile, with capital outflows and currency pressures weighing on returns, particularly in regions sensitive to US dollar strength and global trade dynamics.
- **Volatility:** Market volatility increased in response to shifting interest rate expectations and geopolitical developments, particularly in the final quarter of the financial year.

Despite these challenges, equity markets remained supported by resilient corporate earnings in select sectors and optimism around technological innovation, particularly in artificial intelligence and green energy.

Global Equities Outlook - A key development following the financial year end was the introduction of sweeping reciprocal tariffs by the United States in April 2025, which triggered immediate and widespread market reactions. These tariffs, ranging from 10% to 50%, targeted a broad range of imports and prompted retaliatory measures from major trading partners, including China and the European Union.

The announcement of tariffs on 2 April 2025 led to a sharp sell-off in global equity markets. The S&P 500, for instance, fell by over 10% within two trading days. European and Asian markets mirrored this decline, reflecting investor concerns over the potential for a prolonged trade war and its implications for global supply chains and corporate earnings.

Although markets partially rebounded following a temporary suspension of the higher tariff rates, volatility remained elevated. Investor sentiment was further dampened by declining business optimism and weaker corporate earnings guidance, particularly in export-oriented sectors.

Technology and Industrials were among the hardest hit, given their exposure to global trade flows and supply chain disruptions. Energy and Utilities showed relative resilience, supported by stable commodity prices and defensive investor positioning. Emerging Markets underperformed developed markets, largely due to capital outflows and currency pressures stemming from risk aversion and tighter global liquidity conditions.

Looking ahead, the outlook for global equities remains uncertain. While some central banks have begun easing monetary policy to support growth, the persistence of trade tensions and policy unpredictability continues to weigh on investor confidence. Equity markets are expected to remain sensitive to geopolitical developments and macroeconomic data, with a cautious tone prevailing among institutional investors.

UK Equities Summary

The UK equity market demonstrated resilience during a year shaped by global economic uncertainty, persistent inflation, and shifting monetary policy. While global trade tensions and geopolitical risks weighed on investor sentiment, the UK's large-cap equities benefited from sectoral composition and defensive positioning.

UK Market Performance:

- **FTSE 100:** The index posted a gain of approximately 8.5% over the 12 months, reflecting strong performance in value-oriented and defensive sectors such as consumer staples, healthcare, and energy.
- **Sector Trends:** Technology stocks underperformed globally, but UK equities benefited from strength in traditional sectors. Companies like Unilever and other defensives saw increased investor interest amid market volatility.
- **Policy and Fiscal Developments:** The UK government's Spring Statement included £8.4 billion in spending cuts to meet fiscal targets, which had a measured impact on market sentiment. However, the Office for Budget Responsibility projected modest GDP growth of 1% for 2025, supporting a cautiously optimistic outlook.

UK Equities Outlook - The outlook for UK equities in the remainder of 2025 is cautiously optimistic, underpinned by attractive valuations, resilient corporate fundamentals, and improving investor sentiment.

Global Fixed Income Summary

Bond markets were extremely sensitive to evolving monetary policy expectations and geopolitical developments throughout the year:

- **Interest Rate Volatility** - Central banks in major economies, including the US Federal Reserve and the European Central Bank, maintained restrictive policy stances for most of the year. This led to elevated yields across sovereign bond markets, particularly in the US and Europe.
- **Yield Curve Movements** - The US Treasury yield curve remained inverted for much of the year, reflecting market expectations of future rate cuts amid slowing growth. However, the timing of such cuts remained uncertain, contributing to volatility in long-duration bonds.
- **Credit Spreads** - Credit spreads widened modestly in the second half of the year, reflecting increased risk aversion and concerns over corporate earnings. Investment-grade bonds remained relatively resilient, while high-yield debt experienced more pronounced volatility.
- **Geopolitical Impact** - Although the most dramatic tariff announcements occurred just after the reporting period, the anticipation of trade disruptions in early 2025 led to a spike in bond yields in late March, as investors reassessed inflation and growth risks.

Regional Bond Performance:

- **USA:** Treasury yields remained elevated, with the 10-year yield fluctuating between 4.0% and 4.5% during the year. Market participants closely monitored Federal Reserve communications for signs of a pivot toward easing.
- **Eurozone:** Bond yields in the euro area were influenced by both ECB policy and regional economic divergence. Southern European sovereigns saw modest spread widening amid fiscal concerns.
- **Emerging Markets:** EM bond markets faced headwinds from a strong US dollar and capital outflows. Countries with high external debt burdens experienced increased borrowing costs, though some relief came from stabilising commodity prices.

Global Fixed Income Outlook - Following 31 March 2025, global bond markets are expected to remain volatile but cautiously optimistic. Central banks are likely to begin easing interest rates later in the year, provided inflation continues to decline. However, persistent core inflation and geopolitical risks may delay or limit rate cuts.

Yields are expected to stay elevated but stable, with sovereign bonds trading in a narrow range. Investment-grade credit remains resilient, while high-yield and emerging market debt face ongoing risks from slower growth and capital flow volatility. Key risks include inflation resurging, fiscal pressures, and geopolitical tensions. Opportunities may arise in short-duration bonds, inflation-linked securities, and select emerging markets.

UK Fixed Income

The UK gilt market experienced significant volatility over the year, reflecting both domestic and global uncertainties:

- **Yields and Curve Dynamics:** UK gilt yields fluctuated near multi-year highs, particularly in early 2025, as markets digested the Spring Statement, persistent inflation, and global trade tensions. The 10-year gilt yield hovered around 4%, with the curve showing signs of flattening as short-term rates remained elevated.
- **Inflation-Linked Bonds:** Short-dated index-linked gilts (ILBs) outperformed their longer-dated counterparts, benefiting from elevated short-term inflation expectations and investor demand for inflation protection.

- **Credit and Supply Pressures:** The UK government faced increased borrowing needs, with gilt issuance projected to reach £310 billion—levels not seen since the COVID-19 pandemic. This surge in supply placed upward pressure on yields, particularly in the long end of the curve.
- **Investor Sentiment:** Market participants remained cautious, with concerns over fiscal sustainability, political uncertainty ahead of the general election, and the potential for renewed volatility in global markets.

UK Fixed Income Outlook - As of 31 March 2025, the outlook for UK bonds remained delicately balanced. While inflation was trending lower, the BoE had yet to initiate a rate-cutting cycle. Fiscal policy remained a wildcard, with potential pre-election stimulus measures adding to uncertainty. Investors continued to demand a premium for holding longer-dated gilts, reflecting both inflation risk and elevated issuance expectations.

UK Property Summary

The UK property market experienced a year of cautious recovery amid a challenging global economic backdrop. While inflationary pressures and high interest rates persisted for much of the period, signs of stabilisation emerged in early 2025, supported by improving consumer sentiment and a modest economic rebound.

In the UK, inflation fell closer to the Bank of England's target, though core inflation and wage growth remained sticky. The Bank held interest rates steady through most of the year, contributing to subdued mortgage activity and cautious buyer behaviour.

Residential Property Market:

- **House Prices:** UK house prices showed modest annual growth, with Nationwide reporting a 3.9% rise and Halifax recording a 2.9% increase. Regional disparities were notable, with Scotland outperforming and London lagging.
- **First-Time Buyers:** Activity was buoyed by a rush to complete purchases ahead of the 1 April 2025 reduction in the stamp duty threshold for first-time buyers. This group accounted for a record 54% of mortgaged purchases, temporarily boosting transaction volumes.
- **Market Dynamics:** Demand for houses outpaced that for flats, with concerns over service charges and building safety continuing to weigh on the latter. Despite affordability advantages, flat sales remained sluggish.

Commercial Property Market:

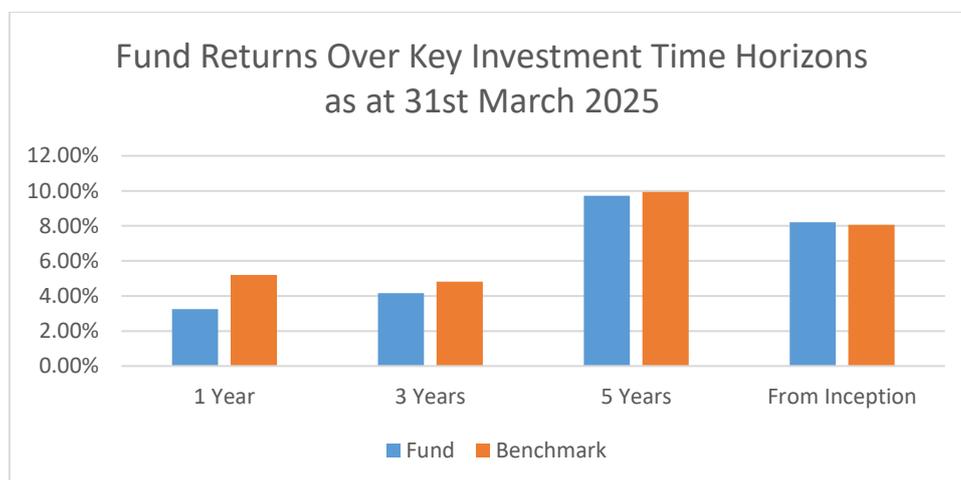
The commercial real estate sector showed early signs of recovery after a difficult 2024. Falling inflation and expectations of lower interest rates improved investor sentiment. Capital values appeared to have reached a trough, with a projected 15% increase in investment activity anticipated for 2025.

UK Property Outlook - Looking ahead, the UK property market is expected to benefit from a more stable economic environment, lower borrowing costs, and supportive fiscal measures. However, structural challenges, such as planning constraints and affordability, remain key considerations for long-term growth.

FUND PERFORMANCE

Performance Commentary

In the year to 31 March 2025, the Fund achieved positive return of 3.25%, whilst the benchmark return was 5.20%. The Fund value increased from £5.481bn to £5.560bn at end of March 2025. The following graph details the performance of the fund across all periods:



During the year, the performance of the equity managers was as follows:

Baillie Gifford Global Equities – was behind benchmark with a negative return of -2.52% versus 5.33% for the benchmark.

This is primarily a bottom-up, active investment strategy, which seeks to invest in companies that it believes enjoy sustainable competitive advantages in their industries and which will grow earnings faster than the market average, based on their belief that share prices ultimately follow earnings. Their investment aim is to generate above average long-term performance by picking the best growth stocks available globally.

The portfolio had another challenging year. Whilst 3 out of 4 quarters achieved positive returns, the portfolio has failed to outperform benchmark in each quarter. Although markets have endured high volatility, growth style investors have found the environment even more challenging, and stock selection effect has been a key detractor for this portfolio over the period.

The Fund has referred this strategy to undergo assessment by specialist advisors in relation to its ability to achieve objectives in the future.

Baillie Gifford UK Equities - was significantly behind benchmark with a positive return of 6.87% versus 10.46% for the benchmark.

This portfolio typically favours companies that have strong balance sheets and lower than average debt, with the belief that such companies recover from the current crisis relatively strong and be well-placed to take advantage of the opportunities that always await after a severe market dislocation. Their very long-term investment philosophy focusses on long-term business fundamentals.

This was another challenging year for this portfolio, which is evidenced by only one quarter of outperformance in the year. Whilst the UK market has trailed others, it achieved positive return over the period, unlike the portfolio which lagged as a consequence of stock selection.

The Fund has referred this strategy to undergo assessment by specialist advisors in relation to its ability to achieve objectives in the future.

Baillie Gifford Positive Change - was behind benchmark with a negative return of -4.62% versus 5.33% for the benchmark.

This is a relatively new allocation for Tayside Pension Fund. The portfolio has a dual objective to deliver attractive long-term returns whilst delivering a positive change by contributing towards a more sustainable and inclusive world. The portfolio is constructed of concentrated 25-50 holdings of exceptional companies focussing on the following features as well as seeking active long term growth:

- Social Inclusion and Education
- Environment and Resource Needs
- Healthcare and Quality of Life
- Base of the Pyramid

The portfolio underperformed in all but one of the quarters in the period and like the other Baillie Gifford strategies, this has been referred for assessment by specialist advisors in relation to its ability to achieve objectives in the future.

Fidelity Global Equity – was behind benchmark with a return of 2.47% versus 4.87% for the benchmark.

This portfolio has a value style biased approach designed to deliver strong returns over the long term, with stock selection driven by potential for absolute share price appreciation. It has a stylistic balance across three differing investment methodologies to aim to deliver returns even in a low growth environment.

The portfolio has had an extremely challenging year, although achieving positive return for the period, it failed to outperform the index in any of the quarters. Key detractors were the underweight position in the IT sector and in the US regional allocation. The portfolio has also undergone a change in management in the period who are still in the process of settling in.

Legal & General Investment Management Passive Equity – was behind benchmark with a return of 4.92% versus 5.38% for the benchmark.

Although a passive mandate, there is also a 25% weighting to the Future World Global Index Fund which has increased weighting of index dominating technology stocks. This coupled with the impact of foreign taxation has resulted in deviation from index tracking.

During the year, the performance of the fixed income managers was as follows:

Fidelity Bond – The portfolio was ahead of benchmark with a return of 0.65% versus -1.30% for the benchmark. The portfolio continues to take a relatively defensive position, outperforming benchmark in all reported time periods.

LGIM Buy and Maintain – The portfolio was ahead of benchmark with a return of 2.93% versus 2.36% for the benchmark. This mandate has been operational for the year, of which in 3 of the quarters it outperformed benchmark, with only marginal underperformance in the last quarter. The strategy of this portfolio is to purchase bonds at a desired yield and hold to maturity.

Apollo Total Return – The portfolio was ahead of benchmark with a return of 8.93% versus 5.09% for the benchmark. This mandate has been operational for the year, of which in all quarters outperformed benchmark. The strategy of this portfolio to invest across a wide range of global credit markets, such as corporate bonds, loans, and emerging market debt. It focuses on credit spreads rather than interest rates, aiming to deliver consistent returns with lower volatility and downside risk.

During the year, the performance of the property and alternative asset managers was as follows:

Schroders Property – The portfolio was behind benchmark with a return of 4.90% versus 6.43% for the benchmark.

The portfolio retains an overweight relative to benchmark in industrials and alternatives (including student accommodation, social housing, and healthcare) and underweight to the traditional retail sector and central London offices. The selection of funds with a high industrial concentration and low retail exposure has again benefited the portfolio over the year as the strongest drivers of performance, however strategic disinvestment out of balanced property funds to achieve a more inflation-focused portfolio as desired by revised objectives has been a detractor as these investments have rotated. The portfolio performance remains ahead of benchmark in all other time horizons.

GSAM – Broad Street Real Estate Credit Partners III – The portfolio was behind benchmark with a return of 10.10% versus 11.64% for the benchmark. This fund is in the final stages awaiting closing distributions.

Partners Fund – This mandate has been operational for less than a year. From inception to the end of the period it has underperformed benchmark with a return of 4.82% versus 5.95% for the benchmark. This portfolio focuses on private market investments across multiple asset classes, including private equity, private credit, infrastructure, and real estate.

Portfolio Transitions

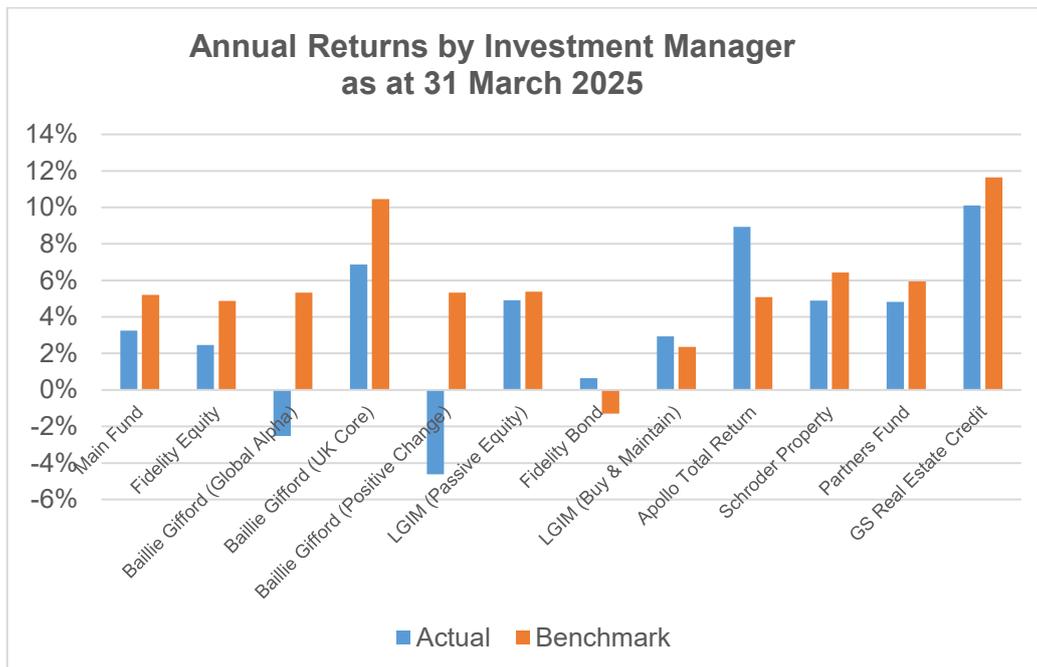
Following procurement exercises undertaken in the previous year, the transitions to LGIM Buy and Maintain Bond Fund and Apollo Total Return were actioned in the first quarter of the financial year, with the transition to Partners group following in the second quarter.

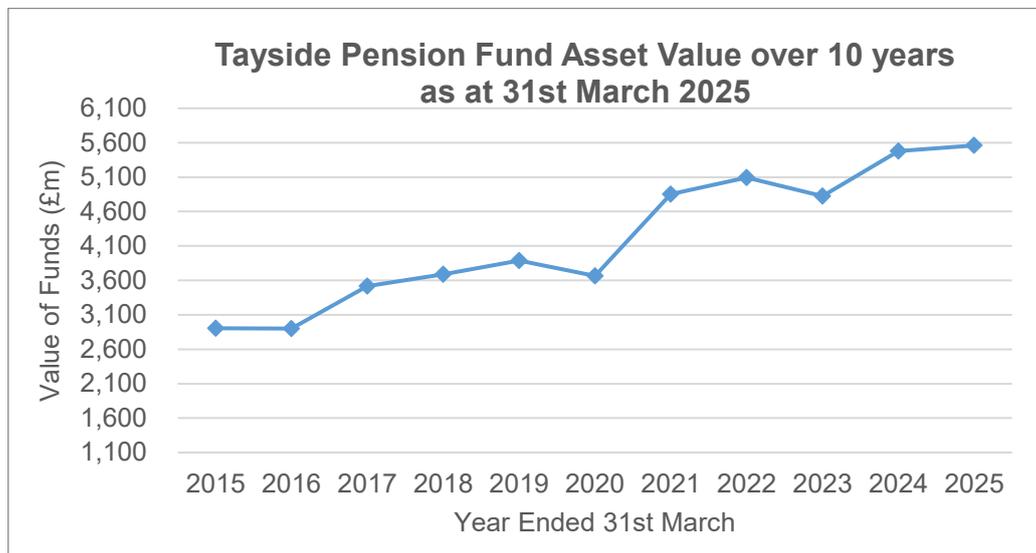
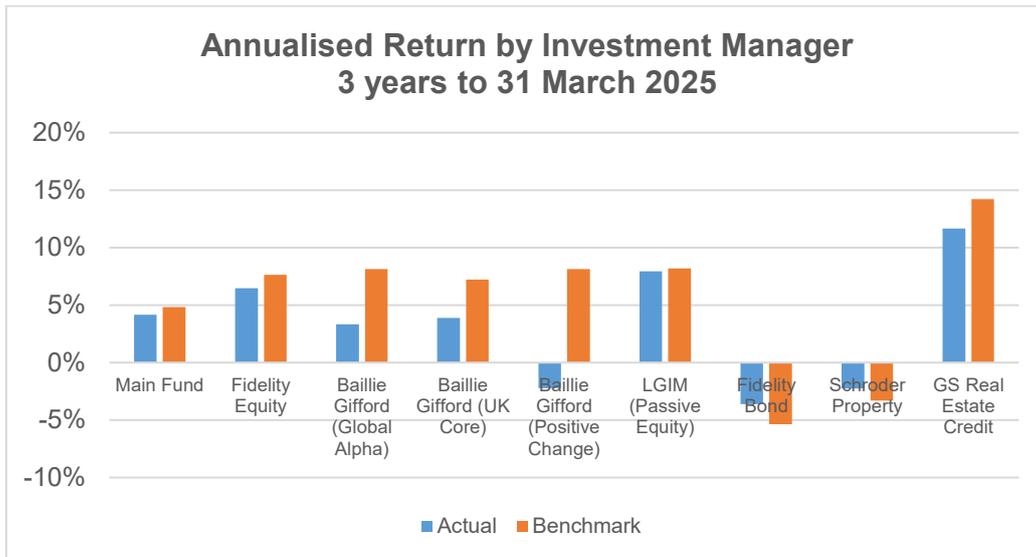
Following an Investment Strategy Review undertaken earlier in the financial year, there was a portfolio exercise undertaken in March to rebalance the fund towards strategic target allocation. The outcome of the exercise is summarised as follows:

Portfolio	Value
Baillie Gifford UK Core	-£50m
Fidelity Equity	-£25m
LGIM (passive)	-£25m
Partners Fund	£100m

Performance Measurement

The following graphs provide detail of the Fund's performance over time in relation to the component investment portfolios, and the impact of these returns on the Fund's value over a 10 year period:





ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE

RESPONSIBLE INVESTING

Corporate Governance and Corporate Social Responsibility have developed significantly in recent years in response to both legislative and stakeholder demands. Tayside Pension Fund remains committed to supporting good environmental, social, and corporate governance within the companies in which it invests.

The Fund has a fiduciary duty to incorporate Environmental, Social and Corporate Governance (ESG) factors as an active and embedded principle of risk and return assessment in managing and determining its investment portfolio and ensuring that any managers appointed by the Funds are doing likewise. The United Nations Principles for Responsible Investing Initiative is intrinsic within the global investment community, and the Fund requires all assets managers be signatories to the principles. These principles widen socially responsible investing to cover ESG, setting out guidance on how this can be met.

In-keeping with the Fund's Environmental, Social & Corporate Governance Policy in seeking to enhance effectiveness in implementing the United Nations Principles of Responsible Investment (UNPRI) of responsible stewardship, the fund has made a commitment to join with other institutional investors in Climate Action 100+ and also join with other Scottish LGPS in collaboratively seeking improved engagement. The fund are members of The Institutional Investors Group on Climate Change.

The Fund also uses an independent voting advisory service to provide global voting recommendations and disclosures on a quarterly basis for companies within the main financial indices in order to exercise responsible stewardship across their entire global portfolio. The Fund's investment managers use this service to vote on their behalf to ensure voting is in accordance with these recommendations.

The Fund is required to take a responsible approach to exercise their fiduciary duty to guard against extremes or selective interpretation of the legal principles which might unduly restrict the consideration of ESG and other wider factors which may influence the choice of investments so long as that does not risk material financial detriment to the Fund.

POLICY ON ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE

The fund believes that environmental, social, and corporate governance (ESG) issues can affect the performance of investment portfolios through time. The current policy is available on the website:

[ESG Policy](#)

CLIMATE FOCUS

Tayside Pension Fund recognise that Climate Change is a systemic risk and thus a material long-term financial risk and thus support the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD).

TCFD provides a global framework to enable stakeholders to understand the financial system's exposure to climate-related risks particularly affecting organisations most likely to experience climate-related financial impacts from transition and physical risks. Tayside Pension Fund has committed to reporting on its approach to climate risk using the TCFD framework for asset owners and sets out below its approach to managing climate risk within the TCFD's four thematic areas of Governance, Strategy, Risk Management and Metrics and Targets.

Core Elements of Recommended Climate-Related Financial Disclosures



Governance

The organization's governance around climate-related risks and opportunities

Strategy

The actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning

Risk Management

The processes used by the organization to identify, assess, and manage climate-related risks

Metrics and Targets

The metrics and targets used to assess and manage relevant climate-related risks and opportunities

Governance

- Recommended Disclosure A - Describe the board's oversight of climate-related risks and opportunities.

Whilst the Fund's governance structure is contained in the Annual Governance Statement, in short, Tayside Pension Fund Sub-Committee has responsibility for agreeing investment objectives, strategy and structure and for developing the Environmental, Social & Corporate Governance strategy, and it is the role of the Pension Board to ensure compliance with policy. Climate change is specifically addressed in the quarterly risk register which is reported to both the Sub-Committee and Board, and in addition to this, they also receive bi-annual reports on the Fund's ESG activities and engagement which also details the carbon foot-printing of the Fund's active equity portfolios.

- Recommended Disclosure B - Describe management's role in assessing and managing climate related risks and opportunities.

The Executive Director of Corporate Services is the responsible officer who ensures that Sub-Committee decisions are implemented by the officers and service providers of the Fund.

It is the role of the Fund's investment managers to incorporate analysis of ESG issues into their investment analysis. They are expected to engage on these issues with the companies in which they invest and ensure that their decisions are in keeping with the Fund's ESG Policy. It is a requirement that all of the Fund's investment managers are PRI (Principle for Responsible Investment) signatories, and that they seek to be signatories of the new UK Stewardship Code.

Tayside Pension Fund also work in collaboration with other investors including the Institutional Investor Group on Climate Change (IIGCC), Climate Action 100+. This collective approach ensures that Tayside Pension Fund contribute to wider initiatives.

Strategy

- Recommended Disclosure A - Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.

Risks - As long term investors, the macro-economic and demographic impacts of Climate Change are a risk. Whilst Tayside Pension Fund has a globally diversified investment strategy, which incorporates a number of asset classes, the Fund's greatest weighting is to equities, therefore the prime concern is that active equity portfolio managers and the management of the companies in which they invest have fully assessed climate-related risks, and the potential impact on asset valuations, in particular from:

- obsolescence, impairment or stranding of assets
- changing cost structures including increased emissions pricing
- changing consumer demand patterns

With respect to short and medium term risk, the Fund ensures that responsible investment considerations and Climate Change continue to be embedded throughout the investment and management processes of all the external investment managers and that the managers continue to manage climate related risks and opportunities.

Opportunities – In 2021, the Fund amended its ESG Policy to ensure that emission reduction was formalised for companies invested in, in that there is a distinct timebound reduction requirements for scope 1& 2 emissions by end 2022, and net zero commitments by 2024.

Furthermore, the Fund have worked with investment advisors on plans of existing portfolios to more environmentally conscious alternatives where possible, and where market conditions allow. 2022 saw the initial allocations made.

- Recommended Disclosure B - Describe the impact of climate related risks and opportunities on the organisation's businesses, strategy, and financial planning.

The primary objective of the Fund is to pay pensions, and the principal strategy document is the Funding Strategy Statement. It describes the funding objective as: to ensure that sufficient funds are available to pay all members' pensions now and in the future.

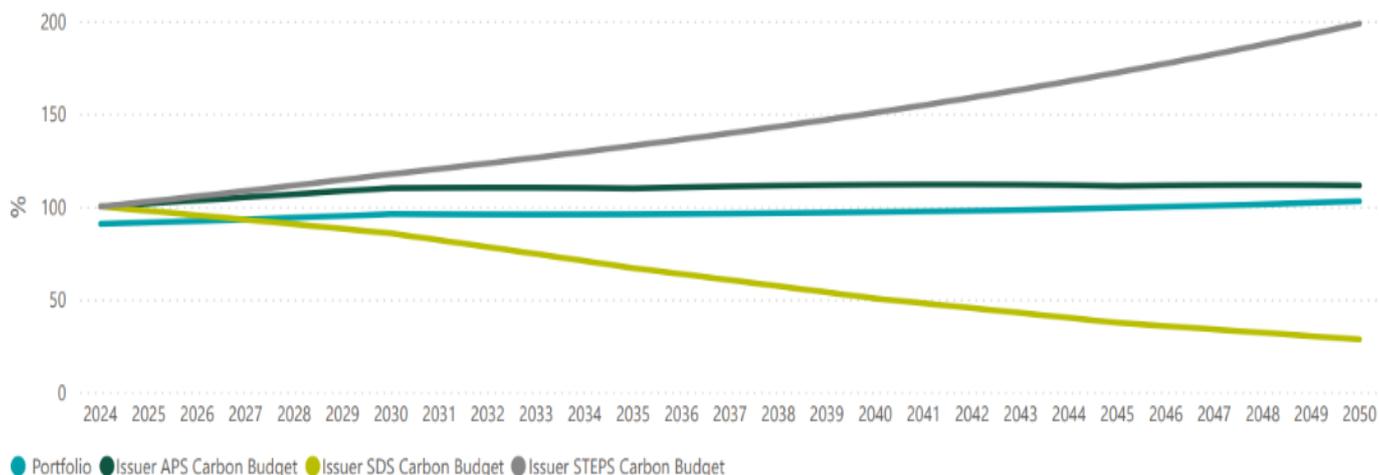
The basis for strategy and financial planning is the triennial actuarial valuation of the Fund. As part of the 2023 valuation and modelling process, the Fund's actuary will complete an analysis of the impact of climate risk on the Fund's liabilities, assets, and operating costs.

This scenario modelling will be used in future to assess an appropriate allowance for climate risk within funding assumption prudence as well as future investment strategy considerations, including asset allocation decisions.

- Recommended Disclosure C - Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.

The scenario alignment analysis Tayside Pension Fund use is provided by the Fund's custodians and compares current and future portfolio greenhouse gas emissions with the carbon budgets for the IEA Sustainable Development Scenario (SDS), Stated Policies Scenario (STEPS) and the Current Policies Scenario (CPS). Performance is shown as the percentage of assigned budget used by the portfolio. See below for information available as at 31 December 2024

PORTFOLIO EMISSION PATHWAYS VS. CLIMATE SCENARIOS BUDGETS

**Risk**

- Recommended disclosure A & B - Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.
- Recommended disclosure C - Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.

Tayside Pension Fund's overall approach to risk management is described in its Risk Policy & Strategy Statement. The statement is also summarised in the Governance section of the Fund's annual report. Climate Change is addressed at risk 22 which is summarised below:

Risk 22 - Failure to implement ESG Policy (specifically in relation to Climate Change and incoming requirements of TCFD).

Cause of risk:

- Inadequate policy & practices
- Failing to understand incoming requirements
- Failing to plan and implement changes required

Impact:

- Poor decision making
- Non-compliant actions being taken
- Statutory breach
- Reputational risk

Consequences:

- Failing to meet strategic objectives
- Regulatory action
- Loss of stakeholder confidence

Whilst the risks cannot be removed, they are partially mitigated by the following controls:

- Regularly reviewed policies (annually), processes and reporting (biannually)
- Project plans to meet changing requirements
- Specialist advice as required

Exercise of Ownership Responsibilities - Activity relating to Climate Change risk is conducted by the Fund's investment managers who are required to exercise the Fund's voting rights, to incorporate analysis of ESG issues into their investment analysis and expected to engage on these issues with the companies in which they invest. As mentioned previously, a timebound requirement for ensuring companies had emission reduction targets and net zero commitments was put in place in 2021.

The Fund also collaborate with other investors including the Institutional Investor Group on Climate Change (IIGCC) and Climate Action 100+.

Formal Advice & development of specific strategies - A key element in the development of Tayside Pension Fund's Investment strategy has been the consideration of ESG factors, and more specifically, climate change. The Fund has worked with its investment advisors to develop a transition strategy to more environmentally conscious funds. During 2022, Tayside Pension Fund made allocation of 25% of the passive equity mandate to the Future World Index Fund, which avoids investment in companies that fail a number of wide ranging ESG scoring. There was also a small initial allocation to a positive impact fund which has dual investment objectives to ensure that whilst delivering returns, it is also delivering positive outcomes.

Metrics & Targets

- Recommended Disclosure A - Disclose the metrics used by the organisation to assess climate related risks and opportunities in line with its strategy and risk management process.

Tayside Pension Fund have engaged with their custodians to provide carbon footprint data and analysis. For all listed equities and bond portfolios, this exercise has enabled the identification of the top 10 assets responsible for contributing to the carbon footprint of that portfolio as shown below as at 31 December 2024. Portfolio managers also provide this information on a quarterly basis. The Fund is committed to repeating this exercise on a bi-annual basis and investigating the inclusion of other asset classes in addition to listed equities and bonds.

Top 10 Positions by Weight			
Rank	Issuer	% Portfolio	Carbon Risk Rating
1	Microsoft Corporation	4.04%	83.00
2	Amazon.com, Inc.	2.80%	71.00
3	NVIDIA Corporation	2.79%	95.00
4	Alphabet Inc.	2.21%	88.00
5	Meta Platforms, Inc.	1.90%	79.00
6	Apple Inc.	1.75%	71.00
7	Taiwan Semiconductor Manufacturing Co., Ltd.	1.59%	67.00
8	Mastercard Incorporated	1.19%	77.00
9	Astrazeneca Plc.	1.14%	89.00
10	JP Morgan Chase & Co.	1.13%	65.00

Top 10 Positions by Carbon Risk Rating			
Rank	Issuer	% Portfolio	Carbon Risk Rating
1	Enphase Energy, Inc.	0.00%	100.00
2	First Solar, Inc.	0.01%	100.00
3	Kingspan Group Plc.	0.00%	100.00
4	Orsted A/S	0.04%	100.00
5	Vestas Wind Systems	0.01%	100.00
6	Dell Technologies, Inc.	0.01%	99.00
7	NVIDIA Corporation	2.79%	95.00
8	Elevance Health, Inc	0.44%	92.00
9	Moodys Corporation	0.22%	92.00
10	CVS Health Corporation	0.03%	91.00

Top 10 Carbon Intensity (Scope 1+2)			
Rank	Issuer	% Portfolio	Carbon Intensity
1	ACWA Power Co.	0.01%	21,451.25
2	NTPC Limited	0.01%	15,639.64
3	Ultratech Cement Ltd.	0.01%	8,223.94
4	Vistra Corp.	0.02%	5,326.30
5	Grasim Industries Limited	0.00%	4,836.17
6	Evergy Inc.	0.00%	4,710.32
7	Gulf Energy Development Public Company Limited	0.00%	3,900.40
8	CLP Holdings Limited	0.00%	3,451.03
9	China Shenhua Energy Company Limited	0.01%	3,447.83
10	PPL Corporation	0.01%	3,432.94

Bottom 10 Carbon Intensity (Scope 1+2)		
Issuer	% Portfolio	Carbon Intensity
Royal Pharma Plc	0.15%	0.00
Transunion	0.01%	0.01
Macquarie Ltd	0.02%	0.02
Brookfield Corporation	0.08%	0.03
DNB Bank ASA	0.18%	0.03
Wheaton Precious Metals Corp	0.01%	0.03
Annaly Capital Management, Inc	0.00%	0.03
NASDAQ Inc	0.02%	0.03
Franco-Nevada Corporation	0.01%	0.04
Nu Holdings Ltd	0.22%	0.04

- Recommended Disclosure B - Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.

Tayside Pension Fund have considered Scopes 1,2 and 3 in its analysis. The quality of the information is as follows:

DATA QUALITY

● Estimated ● Reported ● Verified

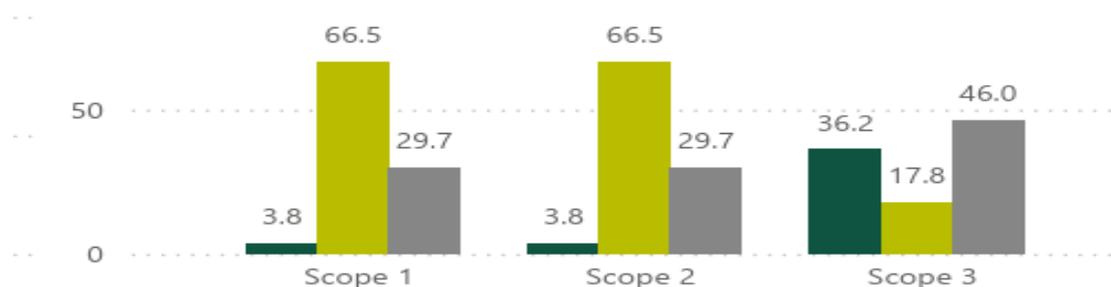


Chart values are shown in percentage (%) format
Percentages may not total 100 due to rounding

Summary findings of this analysis by mandate as at 31 December 2024 are as follows:

CARBON EMISSIONS

	Coverage %		Total Carbon Emissions (tCO₂e)				
	Number	Weight	Scope 1	Scope 2	Scope 3	Scope 1+2	Scope 1+2+3
	Portfolio	85.1	92.1	126,439.1	25,537.9	3,131,788.1	151,976.9
Benchmark	99.2	99.8	659,022.5	113,997.2	5,344,384.8	773,019.6	6,117,404.5

	Coverage %		Carbon Intensity (tCO₂e) / GBP Revenue				
	Number	Weight	Scope 1	Scope 2	Scope 3	Scope 1+2	Scope 1+2+3
	Portfolio	85.1	92.1	85.5	17.3	2,118.3	102.8
Benchmark	99.2	99.8	236.8	41.0	1,920.4	277.8	2,198.1

	Coverage %		Carbon Footprint (tCO₂e) / GBP Invested				
	Number	Weight	Scope 1	Scope 2	Scope 3	Scope 1+2	Scope 1+2+3
		85.1	92.1	29.3	5.9	726.7	35.3
	99.2	99.8	152.9	26.5	1,240.1	179.4	1,419.4

	Coverage %		Weighted Average Carbon Intensity (tCO₂e) / GBP Revenue				
	Number	Weight	Scope 1	Scope 2	Scope 3	Scope 1+2	Scope 1+2+3
		90.2	95.0	84.9	18.5	1,442.1	103.4
	99.2	99.8	112.4	24.7	1,259.8	137.0	1,396.9

CARBON METRICS BY MANAGER

TOTAL CARBON EMISSIONS (tCO₂e)

Manager	Coverage %							
	% of Portfolio	Number	Weight	Scope 1	Scope 2	Scope 3	Scope 1+2	Scope 1+2+3
Apollo Multi Credit	1.2	41.9	44.0	1,905.8	343.6	21,446.0	2,249.4	23,695.4
Baillie Gifford Global Eq	15.7	100.0	100.0	30,518.1	3,075.0	282,385.3	33,593.1	315,978.4
Baillie Gifford Positive	1.1	97.1	99.5	78.4	134.5	10,325.0	212.9	10,537.9
Baillie Gifford UK Eq	9.8	95.0	98.1	12,629.1	2,808.5	483,835.9	15,437.5	499,273.4
Fidelity Bond Fund	7.1	52.0	42.0	1,807.7	324.1	84,174.8	2,131.9	86,306.7
Fidelity Equity Fund	27.5	96.1	97.6	27,589.5	8,768.0	1,365,282.5	36,357.6	1,401,640.0
LGIM Buy and Maintain	4.8	67.0	63.9	6,636.5	1,192.4	124,574.8	7,828.9	132,403.7
LGIM Passive Equity	32.8	97.3	98.5	45,274.0	8,891.6	759,763.8	54,165.6	813,929.4

CARBON FOOTPRINT (tCO₂e) / GBP Invested

Manager	Coverage %							
	% of Portfolio	Number	Weight	Scope 1	Scope 2	Scope 3	Scope 1+2	Scope 1+2+3
Apollo Multi Credit	1.2	41.9	44.0	77.4	14.0	870.8	91.3	962.2
Baillie Gifford Global Eq	15.7	100.0	100.0	41.4	4.2	383.4	45.6	429.0
Baillie Gifford Positive	1.1	97.1	99.5	1.5	2.6	200.3	4.1	204.5
Baillie Gifford UK Eq	9.8	95.0	98.1	28.2	6.3	1,079.4	34.4	1,113.9
Fidelity Bond Fund	7.1	52.0	42.0	12.9	2.3	600.1	15.2	615.3
Fidelity Equity Fund	27.5	96.1	97.6	22.0	7.0	1,088.3	29.0	1,117.3
LGIM Buy and Maintain	4.8	67.0	63.9	46.0	8.3	864.1	54.3	918.5
LGIM Passive Equity	32.8	97.3	98.5	30.0	5.9	503.2	35.9	539.1

CARBON INTENSITY (tCO2e) / GBP Revenue

Manager	Coverage %							
	% of Portfolio	Number	Weight	Scope 1	Scope 2	Scope 3	Scope 1+2	Scope 1+2+3
Apollo Multi Credit	1.2	41.9	44.0	157.6	28.4	1,774.1	186.1	1,960.1
Baillie Gifford Global Eq	15.7	100.0	100.0	168.5	17.0	1,558.7	185.4	1,744.2
Baillie Gifford Positive	1.1	97.1	99.5	10.6	18.2	1,397.6	28.8	1,426.4
Baillie Gifford UK Eq	9.8	95.0	98.1	49.9	11.1	1,911.6	61.0	1,972.6
Fidelity Bond Fund	7.1	52.0	42.0	33.5	6.0	1,558.9	39.5	1,598.4
Fidelity Equity Fund	27.5	96.1	97.6	57.5	18.3	2,843.6	75.7	2,919.4
LGIM Buy and Maintain	4.8	67.0	63.9	118.0	21.2	2,215.1	139.2	2,354.3
LGIM Passive Equity	32.8	97.3	98.5	104.2	20.5	1,749.3	124.7	1,874.0

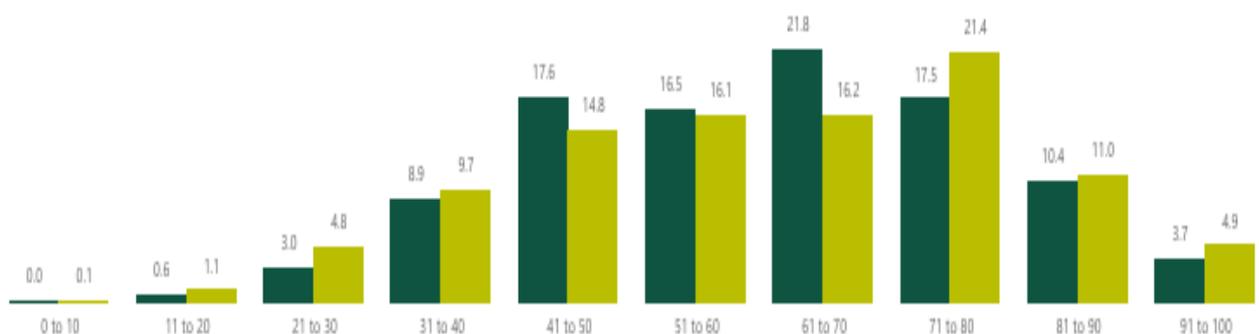
WEIGHTED AVERAGE CARBON INTENSITY (tCO2e) / GBP Revenue

Manager	Coverage %							
	% of Portfolio	Number	Weight	Scope 1	Scope 2	Scope 3	Scope 1+2	Scope 1+2+3
Apollo Multi Credit	1.2	47.3	49.3	178.4	22.9	1,731.1	201.3	1,932.5
Baillie Gifford Global Eq	15.7	100.0	100.0	111.7	19.6	1,013.7	131.3	1,145.0
Baillie Gifford Positive	1.1	97.1	99.5	11.9	21.5	1,207.4	33.4	1,240.8
Baillie Gifford UK Eq	9.8	98.3	99.7	57.3	13.6	2,282.0	70.9	2,353.0
Fidelity Bond Fund	7.1	71.3	56.9	20.3	11.6	1,406.1	31.9	1,438.0
Fidelity Equity Fund	27.5	98.1	99.3	79.4	17.8	1,671.8	97.2	1,769.0
LGIM Buy and Maintain	4.8	78.5	77.8	121.8	25.4	1,813.2	147.2	1,960.4
LGIM Passive Equity	32.8	99.8	99.9	88.9	19.9	1,183.7	108.9	1,292.6

CARBON RISK RATING SUMMARY

RISK DISTRIBUTION %

● Portfolio ● Benchmark

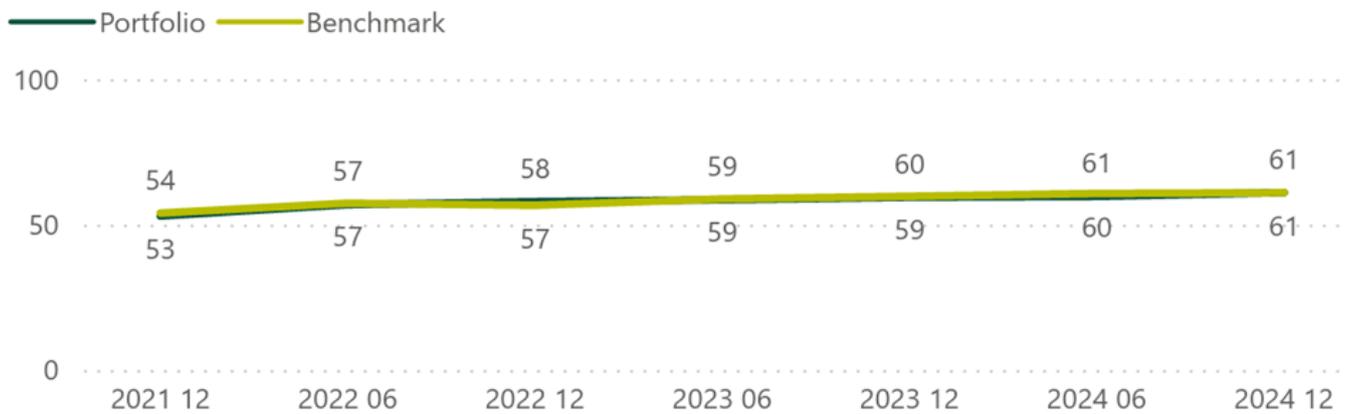


- Recommended Disclosure C - Describe the targets used by the organisation to manage climate related risks and opportunities and performance against targets.

Whilst Tayside Pension Fund has no explicit Climate Strategy, it is committed to ensuring that their investment strategy is consistent with achieving the goal of global net-zero emissions by 2050 if conditions allow and are working to achieve this trajectory.

Tayside Pension Fund has used historic portfolio information to establish the December 2021 position as a baseline. Results for Tayside Pension Fund's listed equity and bond portfolios are summarised in a simplified format in the chart below:

CARBON RISK RATING



SCHEME MEMBERSHIP AND BENEFITS

The Local Government Pension Scheme is a defined Benefit Scheme. From 1st April 2015, benefits are accrued at 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, and all benefits are paid in accordance with the Local Government Pension Scheme Regulations. The following table gives a summary of scheme benefits:

Membership up to 31 st March 2009	Membership from 1 st April 2009 to 31 st March 2015	Membership from 1 st April 2015
Annual Pension = (Service years / days x Final Pay) / 80	Annual Pension = (Service years / days x Final Pay) / 60	Annual Pension = Annual Pensionable Pay / 49
Automatic tax-free cash lump sum = 3 x Annual Pension	No automatic tax-free cash lump sum, but pension conversion available	No automatic tax-free cash lump sum, but pension conversion available
<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 		

Dundee City Council administers the Local Government Pension Scheme (LGPS) on behalf of employers participating in the Scheme through the Tayside Pension Fund (the Fund). The scheme is governed by statutory regulations.

Scheme Membership

The following table summarises the scheme membership.

Status	Total at 31/3/2024	Total at 31/3/2025
Active	18,765	19,232
Deferred / Undecided/ Frozen	19,495	20,207
Pensioners (Inc. dependents)	18,645	19,497
Total	56,905	58,936

PENSION ADMINISTRATION STRATEGY

Tayside Pension Fund is committed to providing a high-quality pension service to both members and employers and particularly to ensure members receive their correct pension benefit entitlement. These aims are best achieved where the Fund and employers work in partnership and are clear about their respective roles and responsibilities. The quality of service provided to members is therefore dependent on these parties meeting high standards of accuracy and the timeliness of information supplied.

Tayside Pension Fund is a Local Government Pension Scheme, which is a statutory scheme, and its regulations are laid by the Scottish Government, the current regulations are laid in the Local Government Pension Scheme (Scotland) Regulations 2018. A copy can be viewed at <https://www.scotlgpsregs.org/schemeregs/lgpsregs2018/timeline.php>.

The Pension Administration Strategy of the Fund details the standards required of both the Fund and the participating employers to ensure that these statutory obligations are met and to demonstrate effective and efficient service delivery. The strategy contains a variety of performance measures against which the Fund and participating employers are assessed, with performance reported to the Committee. The Pension Administration Strategy was approved by the Pension Sub-Committee on 17th March 2025 and was provided to the employer for reference before being published on our website. The full document available for view on our website:

[100-2025 Administration Strategy 170325](#)

COMMUNICATIONS POLICY

The Local Government Pension Scheme (Scotland) Regulations 2014 requires that a Fund have a Communications Policy. Regulation 59 states that an administering authority must prepare, maintain and publish a written statement setting out its policy concerning communications with members and their representatives; prospective members; and scheme employers. The statement must set out its policy on the following, and must be revised and published following any material changes:

- the provision of information and publicity about the Scheme to members, representatives of members, and Scheme employers.
- the format, frequency, and method of distributing such information or publicity.
- the promotion of the Scheme to prospective members and their employers.

The Communications Policy was approved by the Pension Sub-Committee on 17th March 2025 and subsequently published to the Fund website. The document can also be viewed at: [101-2025 Communication Policy 170325](#)

SCHEME DISCRETIONS POLICY

The Local Government Pension Scheme (LGPS) in Scotland was amended from 1 April 2015 so that benefits accruing for service after 31 March 2015 accrue on a Career Average Revalued Earnings (CARE) basis, rather than on a final salary basis. As a result of these changes, all LGPS schemes in Scotland were required to formulate, publish and keep under review a Statement of Policy on certain discretions which they have the power to exercise in relation to members of the CARE Scheme.

To provide full clarity of scheme discretions available across all relevant pension regulations, a Discretions Policy was developed and approved by the Pensions Sub-Committee on 8th March 2021. This policy will be reviewed following regulatory or policy changes approved. The document can be viewed at [scheme-discretions-policy-march-2021.pdf](#)

ADMINISTRATION EVENTS & PERFORMANCE

Case volumes have continued to rise throughout 2024/25. Managing resources has remained a challenge due to ongoing recruitment efforts, and continuous training within the team. Progress on the Pensions Dashboard has been advancing well toward the upcoming staging date in October 2025. Meanwhile, the implementation of age discrimination legislation (McCloud) has been a primary focus for some team members which are being relied upon to manage the complexity of the affected cases and collaborating with employers to provide the required data.

The Member Self-Service Portal (MSS) usage continues to increase. The key functions being used by members are to amend their personal details and undertake simple benefit calculations and projections. The system is also a key tool for the administration team, enabling the electronic issue of Annual Benefit Statements and other documents to those members who have registered. Correspondence in paper format remains available for members who elect this option.

The employer portal (I-Connect) usage has continued to progress, most employers are using the system through the year. Support has been provided to some employers who are having issues to try and ensure full operational use by April 2025.

Performance

The following provides summary of task volumes over the year to 31st March 2025 in comparison to the previous year:

Pensions Brought into Payment	Apr-Jun	Jul-Sept	Oct-Dec	Jan-Mar	Total	Last Year	% Change
Redundancy/Efficiency	17	10	25	16	68	41	66%
Ill Health	22	22	17	27	88	70	26%
Deferred	107	129	151	129	516	395	31%
Flexible	12	12	15	15	54	61	-11%
Voluntary	96	122	122	109	449	414	8%
Voluntary (Age 65+)	42	51	59	47	199	162	23%
Grand Total	296	346	389	343	1,374	1,143	20%

Estimates Received	Apr-Jun	Jul-Sept	Oct-Dec	Jan-Mar	Total	Last Year	% Change
General	253	273	199	144	869	590	47%
VER (Bulk)	2,056	0	137	3,511	5,704	2,135	167%
Grand Total	2,309	273	336	3,655	6,573	2,725	141%

Case volumes for estimates can fluctuate depending on the needs of the members and employers, as the software does not accommodate more complex cases (e.g. members with AVCs or a scheme debit), which will always require pensions specialists to undertake calculations.

Other Pension Events	Apr-Jun	Jul-Sept	Oct-Dec	Jan-Mar	Total	Last Year	% Change
Deaths	177	170	160	233	740	739	0%
Dependant Pensions	65	64	70	62	261	256	2%
Grand Total	242	234	230	295	1,001	995	1%

Tasks Measured	Case Volume 2023/24	Average Days to Process	Case Volume 2024/25	Average Days to Process
Clerical Tasks	5,291	138.53	5,690	63.76
Death Grant	130	69.57	151	43.14
Divorce	57	65.11	62	60.84
Estimates	2,725	17.72	6,573	9.68
Misc Payroll	3,035	36.88	3,149	62.94
Retirements	1,143	18.46	1,374	18.46

Case volume of tasks continued to increase in 2024/25 from the previous year, however in most areas there has been an improvement in average days to process, despite the increased volumes.

Key Performance Indicators 2024/25	Target	Actual
Benefits statements issued by 31 August 2024	100%	100%
Contributions received within statutory deadline	100%	98%
Monthly pensioner payrolls paid on time	100%	100%
Pensions increase processed with April pension	100%	100%
P60 documents issued in March	100%	100%

Complaints and disputes received during 2024/25	Received	Upheld	Rejected
Formal recorded complaints received	2	2	0
Formal disputes received (stage 1)	13	4	9
Formal disputes received (stage 2)	3	0	3
Pension Ombudsman cases received	0	0	0

The above table shows the number of formal complaints and formal disputes received during the year. A formal dispute is where a member is appealing against a decision made by the administering authority or their employing authority.

2024/25 Events

- **Payment of contributions by scheme employers**

The Pensions Act 1995 requires employers to make payment of the employee and employer contributions by the 22nd of the month following deduction from the employee's wage/salary and as such this is recorded and monitored monthly.

The Internal control measure of the 19th of month following deduction is also maintained, and during the period there were 9 instances of payment after the 19th recorded. These employers were contacted in relation to the late payments, and apart from 1 employer this issue was quickly addressed. Communication is ongoing with this employer.

- **Annual Benefit Statements**

Annual Benefit statements were published in August 2024 on the Member Self Service (MSS) portal to allow members to view information as they require. Emails were issued to all registered members to advise the statement was available for viewing.

Prior to publication, all active and deferred members who were not already ready registered for MSS were issued with activation keys and portal instructions to register. However, paper copies remain available on request and 8.5% of members opted for this.

- **Annual & Lifetime Allowances**

Annual allowance statements are issued annually, prior to the 6th of October. The annual allowance threshold increased to £60,000 in 2024, and 14 members received statements notifying them of excess.

The UK Government introduced legislation to abolish the lifetime allowance, and this came into effect from the 6th of April 2024. It has however introduced two new lump sum limits to restrict the amount of tax-free cash an individual can take over their lifetime.

As with the lifetime allowance, most LGPS members will not be affected by the new lump sum limits below:

Limit	Lump sums included	Lump sum allowance (LSA)
£268,275	Pension commencement lump sums (PCLS) and uncrystallised funds pension lump sums (UFPLS)	Lump sum and death benefit allowance (LSDBA)
£1,073,100	PCLS, UFPLS, serious ill health lump sums (SIHLS), authorised lump sum death benefits	

The change in the new lump sum limits has meant that member retirement forms have been amended to ensure the necessary checks are being taken prior to the payment of member benefits.

- **National Fraud Initiative**

Tayside Pension Fund continues to participate in the counter-fraud initiative led by Audit Scotland. This exercise is biennial and provides additional checks to be conducted against pensioner records. All staff involved receive tailored training from Dundee City Council Counter Fraud Team prior to them undertaking this exercise. For all identified cases, a process of review and action is set to rectify overpayments made.

The 2024/25 reports issued were reviewed, with 6 overpayments totalling £14,031.25 identified. Letters have been issued to the respective banks to try and recover the overpayments along with a request to the fraud section to establish if any information is available for next of kin details.

- **McCloud & Sargeant (age discrimination remedy)**

- Annual Benefit Statements

The Scottish Public Pensions Agency (SPPA) published Circular 7/2024 on 31 July 2024. The circular was provided to notify that Scottish Ministers are preparing to consult on regulations to remove the requirement to include McCloud Remedy underpin information on the 2024 Annual Benefits Statements which were required to be issued to members by 31 August 2024.

As the legislation was being written, Administering Authorities were required to include McCloud Remedy underpin information for qualifying active members in Annual Benefit Statements. However, it was recognised that significant steps were needed to accurately update members' records to include the underpin information, including the collection, validation and testing of data from employers, updates to IT systems, and amendments to individual records. All these steps will need to be undertaken before Annual Benefit Statements can reflect a member's underpin rights.

Administering authorities were given the discretion to provide this information for members if they have access to the necessary information. These amendments were backdated to 1 October 2023, so that Annual Benefit Statement provided by administrators before the regulations were laid are included within the change.

The SPPA also sought views on whether to extend this to the 2025 ABS. If Ministers decide to take this approach, authorities will not be required to include the estimated underpin information for eligible members if they are not confident that they possess the necessary information in full. Where this decision is taken, underpin information for that member would not need to be included until the 2026 ABS. The SPPA are proposing that any administering

authorities planning to exercise this discretion makes this decision by 31 July 2025 and inform affected members of this decision via their ABS for 2025.

- Calculating interest on payments resulting from McCloud

The circular also covered part 3 of the LGPS (Remediable Service) (Scotland) Regulations where it set out which past cases must be recalculated by administering authorities, where additional payments are due as a result of the recalculation, regulation 14 of those regulations sets out the special interest rules to apply.

The SPPA propose to make changes consistent with the provisions in the LGPS in England and Wales, which provide that interest is calculated from “the earliest date from which the administering authority would have been able to make the payment.” The 2023 regulations do not currently explicitly provide the date from which the interest is to be calculated.

In addition, in respect of recalculating top-up payments to trivial commutation payments, pension commencement lump sums, transfer payments and death grants, the 2023 regulations will provide that interest is calculated from the date the authority paid the original lump sum.

- Club Transfers (transfer from another public service pension scheme under the Club transfer rules)

There has been an extension of 12-month time limit granted on the 24 October 2024. The Cabinet Office has emailed public sector pension scheme stakeholders about the 12-month time limit for Club transfers. Paragraph 4.1 of the Club memorandum provides that individuals must elect to proceed with a Club transfer within 12 months of becoming eligible to join their current scheme. However, a transfer can take place after the 12-month time limit if there are exceptional circumstances that have prevented the member from making an election within 12 months, and both the sending and receiving schemes agree. The email from Cabinet Office stated: “It has long been our policy that, if both schemes agree, that the time limit can be extended if there are exceptional circumstances to justify it. The purpose of this email is to advise that, in its capacity as secretariat to the Club, the Cabinet Office's view is that complying with the 2015 Remedy can be considered as 'exceptional circumstances' for the purposes of extending the 12-month time limit.” If administering authorities need to extend the 12-month time limit due to the above exceptional circumstance, an agreement for extension will be required with the receiving scheme.

- LGPS (Remediable Service) (Scotland) (Miscellaneous Amendment) Regulations 2024

On the 12 December 2024, the Scottish Government laid the LGPS (Remediable Service) (Scotland) (Miscellaneous Amendment) Regulations 2024 (the 'Amendment Regulations'), which will amend the underpin rules. These regulations come into force on 6 February 2025. The Scottish Public Pensions Agency (SPPA) consulted on the Amendment Regulations between 2 September 2024 and 28 October 2024.

- **Pension Dashboards**

On 5 September 2024, The Pensions Regulator (TPR) published:

- Pensions Dashboards Compliance and Enforcement Policy
- response to the consultation on the policy
- updated breach of law guidance.

The policy outlines TPR's approach to ensuring occupational pension schemes comply with their dashboard legal duties. It sets out:

- the principles that will drive TPR's approach
- key risk areas TPR will focus on
- what TPR expects schemes to do to comply
- how TPR will monitor compliance
- TPR's approach to non-compliance.

The policy also includes scenarios of non-compliance and how TPR may respond to each one. In particular, the updated breach of law guidance contains an example of how TPR will approach non-alignment of illustration dates between main scheme benefits and additional voluntary contributions (AVCs).

Compliance during the user testing period:

TPR expects schemes to connect to the dashboard's ecosystem in line with the timeline set out in DWP's guidance on connection: the stage timetable. The timeline has been designed to reduce delivery risk to industry, but it will also ensure that the system can be thoroughly assessed to ensure the successful launch of dashboards. Once schemes and pension providers are connected to the ecosystem the following requirements will apply:

- to remain connected
- to receive 'Find' requests
- to undertake matching, and
- to return 'View' data TPR expects schemes and providers to take prompt and effective actions to investigate and correct any issues identified during the user testing stage

An initial Microsoft Teams meeting took place in March with Heywood who are providing the ISP (Integrated Service Provider) for Tayside Pension Fund to connect to the Pension Dashboard. At the call, Heywood advised the timeline for testing and connection, with testing confirmed to start in April 2025. There is staged connection dates set by the DWP and for Local Government Pension Scheme's the deadline is October 2025.

• Tiered Contributions Rate Guidance

Under the Local Government Pension Scheme (Scotland) Regulations 2014, the earnings ranges used to determine annual contributions rates are to be increased each year by any increase applied to pension under the Pensions (Increase) Act 1971. In March 2024, the SPPA amended the guidance to reflect the above and a copy of this guidance was forwarded to all scheme employers. This guidance came into effect from 1 April 2024.

• Employer Communications

Employer sessions were held via MS Teams and in person, the topics covered were:

- I Connect
- Ill-Health Retirement
- McCloud Remedy Update and Employer Requirements
- VER
- Certificate of Protections

• I-Connect and Member Self Service

I-Connect

I-Connect is a cloud-based system that manages the flow of employee information from the payroll system to the fund's pension administration system. The software enables employers to provide employee information in a secure method. The monthly data uploads inform the Fund of any changes to members details, new joiners, and leaver forms, removing the burden of cumbersome employer year end reporting. This system was rolled out to all scheme employers during 2021/22.

36 of the scheme employers submitted monthly uploads through the I-Connect system during the year, and work continues with those employers on issues with the data received, with an aim to have these resolved, and all remaining employers using the system regularly from April 2025.

Member Self Service

The member portal (MSS – Member Self Service) was introduced in 2021. The MSS portal is now used to issue members with documents, letters and calculation summaries including new joiner communications, estimates and retirement details. With the implementation of the Insights reporting module it can identify the reporting of individual users and by the end of 2024/25, there were a total 18,032 users registered. This is an increase of over 16% from previous year.

Heywood have advised that the Member Self Service portal will be replaced by a new system named Engage and Member Self Service will no longer be available from January 2026, with existing membership being migrated.

- **Contact Centre**

The telephone contact centre launched in January 2022, with all incoming calls automatically routed to the call centre. In the year up to 31/03/2025 the numbers of calls received via the call centre was 11,554. This call volume is similar to the previous year.

- **Website**

The website is a key source of information to members along with news updates and Fund related resources being added as required. The website also has an employer's section where the Fund can publish documents and information specific to employers. A link to the Member Self Service (MSS) portal is also provided on the website, which gives members a direct link to the service for registration or viewing of their pension records and documents.

- **Meetings, User Groups and Forums**

Representatives attended quarterly meetings of the Joint Scottish Liaison Group (SPLG) and Investment & Governance Groups, along with representation from the Local Government Association and the Scottish Public Pensions Agency. Representatives of the Fund also attended and participated in webinars as members of the Computerised Local Authority Superannuation System (CLASS) Group whose membership is made up of all 11 Scottish Funds and 80 English and Welsh Funds. Participation in specialist user groups for I-Connect and Insights were also attended. During 2024/25 numerous sessions were held with employers both in person and via MS Teams.

- **Payment of Pensions**

Tayside Pension Fund continues to operate two monthly payrolls to retiring members. The main payroll is on the 20th of each month, with the legacy payroll on the last working day of each month. During 2024/2025 all monthly pension payroll payments were made on their due date.

- **CARE Scheme Revaluation**

The Local Government Pension Scheme (Scotland) Regulations 2015 require that pension accounts built up from 1 April 2015 are revalued at the end of each scheme year. The Order published provided for a 6.7% revaluation with effect from 1 April 2024.

- **Pension Increase**

Pensions in payment and those in deferment are indexed annually based on the annual change in the Consumer Price Index (CPI) measured as at the previous September. The Order provided for a 6.7% increase with effect from 6 April 2024. The increase was applied to member benefits with effect from 8th April 2024.

- **Tiered Contributions Rate Guidance**

Under the Local Government Pension Scheme (Scotland) Regulations 2014 the earnings ranges used to determine annual contributions rates are to be increased each year by any increase applied to pension under the Pensions (Increase) Act 1971. In March 2024, the SPPA amended the guidance to reflect the above and this became effective from 1 April 2024.

- **Staffing 2024/25**

Throughout the year, the team experienced several staffing changes and began a review on resource and structure. Following the retirement of the Pension Administration Manager in April, interim arrangements have been put in place to maintain continuity while the review is undertaken. In-house training is delivered by the more experienced staff and there is an inevitable impact on performance.

Recruitment throughout the year included a new Clerical Assistant in May and again in November, along with three internal acting-up promotions to Senior Pension Assistant roles from June. Recruitment for additional roles, including a Pension Assistant and an Assistant IT/Systems Process Analyst was also completed.

• Consultations

Exit Credits

The Scottish Public Pensions Agency ran a short technical consultation on the draft Local Government Pension Scheme (Scotland) (Amendment) (No. 2) Regulations 2024. The consultation ran from 9 May 2024 to 30 May 2024. The draft regulations propose:

- introducing a discretionary power for administering authorities to determine the amount of exit credit payable to an employer leaving the LGPS (aligning with the approach in LGPS England and Wales)
- implementing a six-month deadline from the exit date to pay exit credits (or such longer time as the authority and employer may agree).

The regulations are intended to also cover employers who left between 1 June 2018 and the date the regulations come into force (proposed to be 29 June 2024) where the exit credit has yet to be paid. A working group of the Scottish Scheme Advisory Board is considering whether any guidance is needed for administering authorities on the factors to consider when exercising the discretion, to ensure a degree of consistency. The consultation documents, including response, are available on the Scheme consultations page of the LGPS and Regulations Guidance website.

Draft Regulations

- On 2 September 2024, the Scottish Public Pensions Agency (SPPA) launched a consultation on the draft LGPS (Remediable Service) (Amendment) (Scotland) Regulations 2024. The draft regulations aim to implement the proposals set out in SPPA Circular 2024/05. The regulations also propose further minor technical amendments.

Legislation Update

During 2024/25 the following legislation came into effect:

Instrument	Title	Topic	Link
SI2024- 243	The Guaranteed Minimum Pensions Increase Order 2024	Increases value of GMPs within system 3% increase applied.	The Guaranteed Minimum Pensions Increase Order 2024
SI2024- 372	The Pension Increase Review Order 2024	Pensions in payment and deferment is indexed annually based on the annual change in Consumer Price Index (CPI) as at the previous September. 6.7% increase was applied.	The Pensions Increase (Review) (No. 2) Order 2024
SI2024- 249	The Social Security (Contributions) (Rates, Limits and Thresholds Amendments and National Insurance Fund Payments) Regulations 2024	For employer action – relates to national insurance thresholds	The Social Security (Contributions) (Limits and Thresholds, National Insurance Funds Payments, and Extension of Veterans Relief) Regulations 2024
SI2024- 290	The Public Service Pensions Revaluation Order 2024	Order provided for a 6.7% increase to be applied to CARE benefits	The Public Service Pensions Revaluation Order 2024

SI2024- 284	The Social Security Revaluation of Earnings Factors Order 2024	For employer action – relates to level of national insurance contributions being in line with earnings in relation to GMP	The Social Security Revaluation of Earnings Factors Order 2024
Circular 5/2024	McCloud Remedy	Changes to a) remove the requirement to include McCloud Remedy Underpin Information in 2024 Annual Benefit Statements and b) clarify remedy interest calculations	202405.pdf
Circular 1/2025	PI Review and revaluation order	Notification of the increase to pensions with effect from 07/04/2025 and of the annual revaluation rate to be applied to CARE pensions. Rate to be applied is 1.7%	202501.pdf
Circular 2/2025	Tiered contributions rate guidance for 2025	For employer action – relates to employee contribution rates to be applied w.e.f. 01/04/2025	202502.pdf

SCHEDULED AND ADMITTED BODIES

Scheduled Bodies are those detailed in Schedule 2 Part 1 of the Regulations, with the most current being in the Local Government Pension Scheme (Scotland) Regulations 2014. For example, the bodies are Local Authorities, Colleges, Transport Authorities.

Admitted Bodies are those described in Schedule 2 Part 2 of the same Regulations and detail the type of bodies along with the requirements to be considered prior to admission (and the signing of the formal admission agreement).

The employers with active members as at 31 March 2025 were as follows:

Scheduled Bodies (11)

Angus Council	TACTRAN
Dundee City Council	Tayplan
Dundee and Angus College	Tay Road Bridge Joint Board
Perth & Kinross Council	Tayside Contracts
Perth College	Tayside Valuation Joint Board
Scottish Police Authority (Civilians)	

Admitted Bodies (29)

Abertay Housing Association	Live Active Ltd
Angus Alive	Mitie PFI Ltd
Care Inspectorate	Montrose Links Trust
Culture Perth & Kinross	Montrose Port Authority
Dorward House	Perth & Kinross Countryside Trust
Dovetail Enterprises	Perth & Kinross Society for the Blind
Duncan of Jordanstone College of Art	Perth Citizens' Advice Bureau
Dundee Citizens' Advice Bureau	Perth Theatre Co Ltd
Dundee Contemporary Arts Ltd	Robertsons Facilities Management
Dundee Science Centre	Rossie Secure Accommodation Services
Dundee Voluntary Action	Scottish Social Services Council
Forfar Day Care Committee	Sodexo
Highlands & Islands Airports Ltd	University of Abertay, Dundee
idverde	Xplore Dundee
Leisure and Culture Dundee	

CONTACT INFORMATION

Key Documents Online

The following documents are on the website's publications section: <https://taysidepensionfund.org/resources/>

- Actuarial Valuation Reports
- Funding Strategy Statement
- Statement of Investment Principles
- Treasury Management Strategy
- Risk Register
- Annual Report and Accounts

Contact Details

Enquiries regarding investments, individual benefits, contributions or pensions in payment or requests for further information should be addressed to:

Tracey Russell, Service Manager – Financial Services
Dundee City Council, Floor 1, 50 North Lindsay Street, Dundee DD1 1NZ

Other Contacts

The Pensions Ombudsman

10 South Colonnade

Canary Wharf

E14 4PU

<https://www.pensions-ombudsman.org.uk/>

The Pensions Ombudsman is an independent organisation set up by law to investigate complaints about pension administration and has the remit to consider complaints about personal and occupational pension schemes.

The Pensions Advisory Service has now been incorporated into Money Helper

120 Holborn

London

EC1N 2TD

<https://www.moneyhelper.org.uk/en>

Moneyhelper, (previously The Pensions Advisory Service (TPAS)), provide independent and impartial information and guidance about pension, free of charge to members of the public. They deal with all pension matters covering workplace, personal and stakeholders' scheme and also the State Scheme.

The Pension Tracing Service

The Pension Service 9

Mail Handling Site A

Wolverhampton

WV98 1LU

<https://www.gov.uk/find-pension-contact-details>

This is a register of all workplace pension schemes who provide assistance to individuals searching for the contact details of any previous pension rights.

The Pensions Regulator

Napier House

Trafalgar Place

Brighton

BN1 4DW

<http://www.thepensionsregulator.gov.uk/>

The Pensions Regulator is the public body that protects workplace pensions in the UK. They collaborate with employers and scheme administrators so that people can save safely for their retirement. They ensure that employers meet their ongoing automatic enrolment duties and provide effective regulation for defined benefit schemes and looks to promote good trusteeship through improving governance and administration.