City Chambers
DUNDEE
DD1 3BY

24th September, 2026

TO: ALL MEMBERS OF THE PENSION SUB-COMMITTEE OF THE CITY GOVERNANCE COMMITTEE & PENSION BOARD

Dear Colleague

I refer to the agenda of business issued in relation to the meeting of the above Pension Sub-Committee of the City Governance Committee and Pension Board which is to be held remotely on Monday, 28th September, 2026 and now enclose the undernoted items of business which were not received at the time of issue.

Yours faithfully

GREGORY COLGAN

Chief Executive

AGENDA OF BUSINESS

6 TAYSIDE PENSION FUND ACCOUNTS 2025/26

(a) TAYSIDE PENSION FUND 2025/26 – ACCOUNTS AND AUDIT **- Page 3**

(Report No 215-2026 by the Executive Director of Corporate Services, copy attached).

(b) DRAFT AUDITED STATEMENT OF ACCOUNTS 2025/26 **- Page 5**

(Report No 216-2026 by the Executive Director of Corporate Services, copy attached).

(c) EXTERNAL AUDITORS ANNUAL REPORT **- Page 101**

(Report No 217-2026 by Audit Scotland copy attached).

ITEM No …6(a)………..

REPORT TO: **PENSION SUB-COMMITTEE OF THE CITY GOVERNANCE COMMITTEE & PENSION BOARD – 28 SEPTEMBER 2026**

REPORT ON: **TAYSIDE PENSION FUND 2025/26 ACCOUNTS AND AUDIT**

REPORT BY: **EXECUTIVE DIRECTOR OF CORPORATE SERVICES**

REPORT NO: **215-2026**

1 PURPOSE OF REPORT

To report on the outcome of the external audit of Tayside Pension Fund for the year to 31 March 2026.

A copy of the External Auditor's Annual Audit Report (Report No 217-2026) and the Draft Audited Annual Report and Accounts 2025/26 for the Tayside Pension Fund (Report No 216-2026) are also to be considered.

2 RECOMMENDATIONS

It is recommended that the Sub-Committee:
1) Notes the contents of the External Auditor's Annual Audit Report
2) Notes the recommendations contained within the report and the actions being taken by officers to address them

3 FINANCIAL IMPLICATIONS

None

4 2025/26 ACCOUNTS AND AUDIT

4.1 Introduction

External audit is one of the key methods by which the activities and performance of local government are independently scrutinised and reported upon. The external audit of Tayside Pension Fund for the financial year 2025/26 was carried out by John Boyd, Audit Director, Audit Scotland. The Auditor General for Scotland and the Accounts Commission for Scotland appointed Audit Scotland for a five-year period, 2025/26 being the fourth year of the new appointment.

The 2025/26 Unaudited Statement of Accounts was circulated to elected members and to Audit Scotland on 30 June 2026, in line with the statutory deadline. The Accounts have been subject to a three-week statutory public inspection period, and no objections were received.

4.2 External Auditor's Annual Audit Report

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

- Audit of the annual accounts
- Financial Management
- Financial Sustainability
- Vision, Leadership and Governance
- Use of Resources to Improve Outcomes
- Best Value

4.3 **Conclusions**

The External Auditor has undertaken a thorough review of the Fund's financial statements and the arrangements supporting financial management, governance and performance. The audit concluded that the annual accounts were free from material misstatement and Audit Scotland anticipate issuing an unqualified audit opinion. The management commentary and annual governance statement were also considered consistent with the financial statements and properly prepared.

The audit highlighted that net assets of the Fund increased by £594 million during the year to £6.160 billion at 31 March 2026. The Fund delivered a positive investment return of 12.1% during the year, although this remained below the benchmark return of 13.5%.

In respect of financial sustainability, Audit Scotland concluded that, based on the most recent actuarial valuation and the Fund's net asset position, there are currently no concerns regarding the financial sustainability of the Fund or the viability of its funding strategy.

The audit found that the Fund has effective and appropriate arrangements in place for Financial Sustainability and Use of Resources to Improve Outcomes, and that Dundee City Council, as administering authority, has effective and appropriate arrangements in place for securing Best Value. Audit Scotland also concluded that arrangements relating to Vision, Leadership and Governance are generally effective and appropriate.

The report identifies two recommendations for management consideration. The first relates to capacity and resilience within the Pension Fund team, including continued implementation of recommendations arising from the Hymans Robertson organisational review. The second relates to strengthening oversight of assurances obtained from investment managers regarding valuation and control processes.

Audit Scotland also noted that a number of recommendations from previous audits remain in progress and will continue to be monitored through the Fund's governance arrangements.

5 **POLICY IMPLICATIONS**

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

6 **CONSULTATIONS**

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

7 **BACKGROUND PAPERS**

None

PAUL THOMSON
EXECUTIVE DIRECTOR OF CORPORATE SERVICES **25 SEPTEMBER 2026**

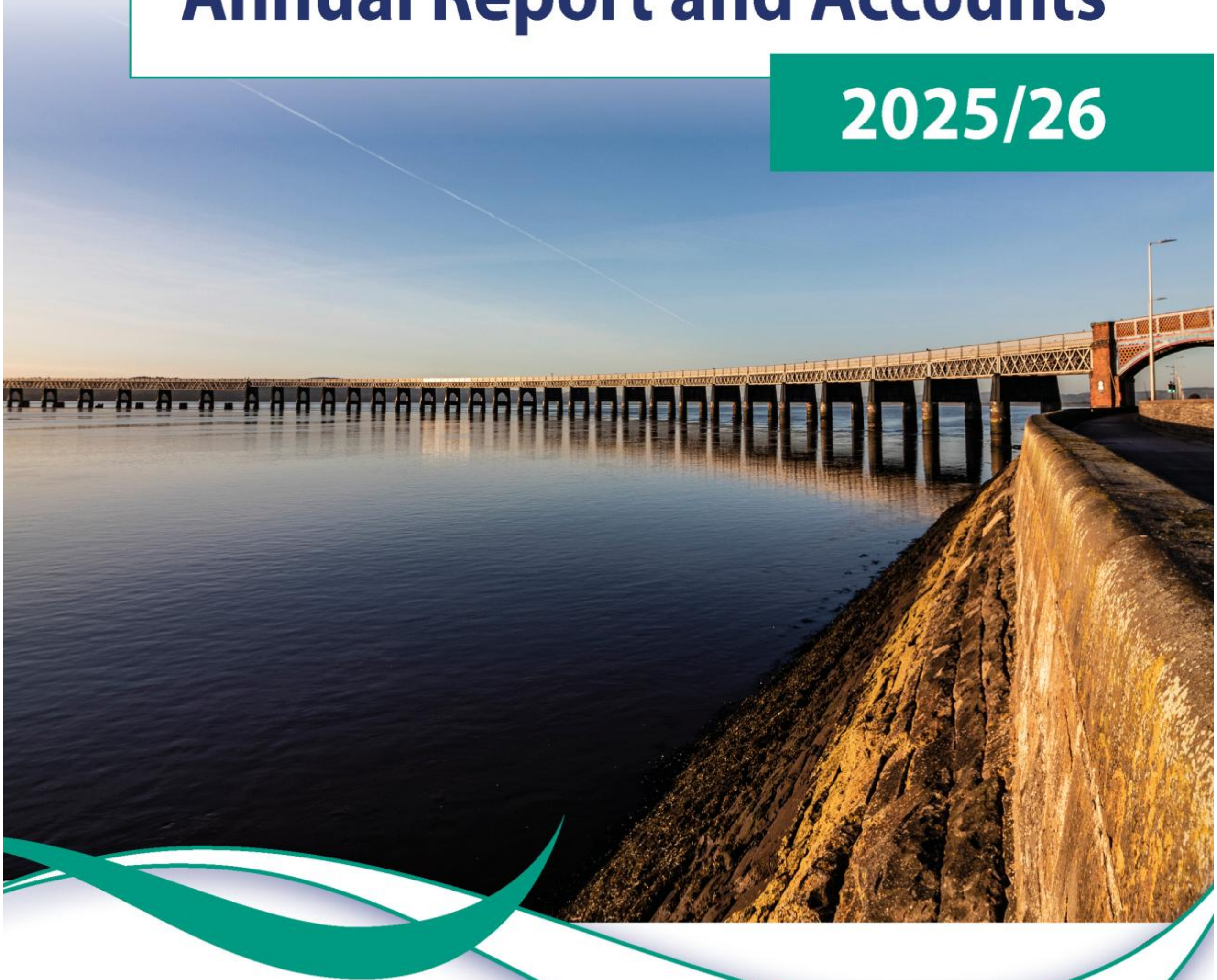
ITEM No …6(b)………..

REPORT NO: 216-2026

Unaudited

Annual Report and Accounts

2025/26



Tayside Pension Fund

Administered by Dundee City Council

Management Commentary

Governance

Financial Statements

Funding

Investment

Pension Administration

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 2026, Tayside Pension Fund had investment assets of c.£6.2 billion, and a membership of over 60,700 across 38 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 about the Fund's activities and performance throughout the financial year. I am pleased to introduce the Annual Report and Financial Statements for 2025/26 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 2026 was characterised by continued economic uncertainty, geopolitical tensions and evolving market conditions. Despite these challenges, Tayside Pension Fund has remained focused on its long-term objective of securing members' benefits while maintaining a resilient and sustainable investment portfolio. During the year, the Fund continued to implement the revised investment strategy, with progress made in transitioning assets and further strengthening portfolio diversification. Against this backdrop, the Fund delivered a positive financial outcome, with net assets increasing to £6.2 billion (from £5.6 billion in 2024/25) and total membership growing to more than 60,700 members (from 58,900 in 2024/25). These results reflect the Fund's strong governance arrangements, disciplined investment approach and commitment to delivering long-term value for members and participating employers.

In terms of operational achievements during 2025/26, a key focus for the Fund has been the ongoing implementation of the McCloud Remedy within member records. Significant progress has been made, with Business-as-Usual processing now commencing for affected cases. This remains a substantial and complex undertaking, given the scale of the project and the volume of data requiring review and update.

Through close collaboration with employers, alongside enhancements to administration processes and effective use of system capabilities, members have been successfully categorised, and rectification work is underway. This continues to be a long-term project to ensure all members receive accurate and complete McCloud information.

The Fund has also successfully connected to the Pensions Dashboard and is currently working with system providers on testing.

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.

The Pension Sub-Committee remains committed to providing strong governance and effective stewardship of the Fund on behalf of its members and participating employers. During the year, members considered a wide range of matters, including investment performance, funding, governance, risk management and pension administration. Through robust oversight and informed decision-making, the Sub-Committee seeks to ensure that the Fund remains financially sustainable, appropriately governed and well positioned to meet its obligations to current and future beneficiaries.

The past year has seen significant demands placed upon those responsible for administering the Fund, reflecting the increasingly complex regulatory and operational environment in which pension funds operate. The successful delivery of several major initiatives, alongside the day-to-day administration of the Scheme, demonstrates the professionalism, expertise and commitment of the Fund's officers and participating employers. The Sub-Committee has continued to receive assurance that these activities are being managed effectively and that the Fund remains responsive to legislative and regulatory change.

On behalf of the Sub-Committee, I would like to express my sincere thanks to fellow Committee members, Pension Board members, advisers, officers and participating employers for their dedication and support throughout the year. As we look ahead, the Sub-Committee will continue to provide strategic leadership and effective oversight of the Fund, ensuring that the interests of members and employers remain at the heart of our decision-making. I would also like to place on record my appreciation for the continued hard work and commitment of all those involved in supporting the Tayside Pension Fund.

Bailie Willie Sawers
Chair of Pension Sub-Committee

Report by the Chair of the Pension Board

The Pension Board plays an important role in supporting the effective governance of Tayside Pension Fund. Through its oversight and scrutiny responsibilities, the Board assists Dundee City Council, as administering authority, in securing compliance with relevant legislation, regulations and guidance, whilst helping to ensure that the Fund is administered effectively and in the best interests of scheme members and participating employers.

During 2025/26, the Board continued to review and scrutinise a wide range of matters affecting the Fund, including governance, administration, risk management, regulatory developments and implementation of key strategic initiatives. Board members received regular reports and updates from officers and advisers, providing assurance that appropriate controls, policies and procedures remain in place to support the effective operation of the Fund. The Board also continued to work constructively with the Pension Sub-Committee, providing independent oversight and challenge where appropriate.

Maintaining an effective and knowledgeable Pension Board remains a key priority. Throughout the year, Board members participated in ongoing training and development activities to ensure they remain informed of developments within the pensions sector and are equipped to discharge their responsibilities effectively. This commitment to continuous learning supports the Board's ability to contribute positively to the governance and long-term success of the Fund.

I would like to thank my fellow Board members for their commitment and engagement throughout the year. I would also like to recognise the support provided by Fund officers, advisers and participating employers, whose professionalism and dedication continue to contribute to the effective administration and governance of the Fund. The Board remains committed to working collaboratively with all stakeholders to promote the highest standards of governance and accountability and to support the delivery of positive outcomes for members and employers alike.

Councillor Stewart Donaldson (Perth & Kinross 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 2025/26 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 Tayside Pension Fund (the Fund) that Dundee City Council is responsible for administering.

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
- Breach Policy
- Communications Policy

Further information can be found at our website:

https://www.taysidepensionfund.org/resources

2025/26 Events and Activities

Investment

Following approval of the revised Investment Strategy in December 2024, the focus during 2025/26 was on implementation. This included a number of asset transitions and portfolio rebalancing exercises to align the Fund with its revised strategic asset allocation and benchmark framework, which became effective from 1 April 2025. The year also represented the first full year of operation for the Fund's private markets and credit mandates, supporting increased diversification across the portfolio.

During the year, The Fund completed a review of its equity portfolio. As a result, changes were made to the Fund's equity arrangements and associated benchmarks, including the transition of passive equity assets to the Future World Global Equity Index Fund. The revised benchmark structure became effective during 2025/26.

The Fund also reviewed the ongoing suitability of certain investment mandates and considered options for future implementation where appropriate. In addition, work progressed on the remaining allocation to the Fund's opportunistic portfolio, with a procurement exercise undertaken during the year and a preferred provider subsequently identified, subject to the required governance approvals.

Changes to Regulation / Legislation

SI2025-348	The Employment Rights (Increase of Limits) Order 2025
SI2025-264	The Guaranteed Minimum Pensions Increase Order 2025
SI2025-343	The Pension Increase Review Order 2025
SI2025-288	The Social Security (Contributions)(Limits and Thresholds Amendments and National Insurance Fund Payments) Regulations 2025
SI2025-252	The Public Service Pensions Revaluation Order 2025
SI2025-255	The Social Security Revaluation of Earnings Factors Order 2025

These changes form part of the annual review process undertaken to reflect updates to relevant regulations and legislation. Further details and links to the above is provided within the Administration Section.

Consultations

- Consultation: Changes to The Local Government Pension Scheme (Scotland) Regulations 2018
  The purpose of this consultation was to seek views on changes to The Local Government Pension Scheme (Scotland) Regulations 2018.

I.T. Developments

- I-Connect

Most employers are now fully utilising the i-Connect system on a monthly basis. The team continues to engage with those experiencing difficulties in submitting monthly uploads. All employers have been advised that uploads are expected to be completed via I-Connect. Compliance will be monitored in line with the Administration Strategy, with cases escalated where necessary.

- Member Self Service/Pension Portal

User engagement continued to increase throughout the year on Member Self Service. At 30 June 2025, 18,493 members were registered, rising to 19,370 by 30 September 2025, largely due to members accessing their Annual Benefit Statements. At the point of closure of the Member Self Service system, total registrations had reached 19,446.

During the year, preparations were completed for the transition to Heywood's new Engage Pensions Portal, replacing Member Self Service. The new portal was successfully launched in October 2025, following staff training and member communications, including website updates and direct notifications to existing users.

Since launch, uptake of the new system has been positive, with 7,865 members registered, which is approximately 13% of the membership. The portal offers enhanced security through multi-factor authentication and improved functionality with a more user-friendly interface.

Promotion of the new system remains ongoing, with further engagement planned alongside the issue of the 2026 Annual Benefit Statements to encourage increased registration.

- Contact Centre

The call centre continues to assist the team effectively manage the high call volumes that are received. A total of 11,145 calls were received in 2025/26 (11,544 in 2024/25) with team receiving an average of 43 (44 in 2024/25) calls per day.

- Altair System

During the year, the Altair system received quarterly updates.

Training, Development and Communication

- Pension Sub-Committee, Board, and Officer training offered throughout 2025/26:

Pensions Committee members are not legally obliged to undertake training. The Fund feels strongly that Committee members should receive training to ensure that they have the necessary level of knowledge and understanding to exercise their functions. Whereas for the Board, the Public Service Pensions Act 2013 requires that members have an appropriate level of knowledge and understanding in order to carry out their role. The agreed Training Plan for both Committee and Board members has an expectation that members maintain their level of knowledge and training throughout the year. Recording and monitoring of attendance at meetings or training events ensures the requirements of the Training Plan are met.

In addition to the mandatory training, the Pensions Committee and Board were offered additional training opportunities including:

• A variety of webinars provided at committee covering a range of relevant topics from industry experts.

Members had the option to complete further additional training courses out with those advertised, if they so wished.

- Staff Training

Staff training is essential to maintain compliance, improve performance, and support development, however, this can place pressure on workloads and limit available time for other responsibilities.

In addition to the mandatory training, the staff were provided with additional training opportunities including:

Topic	Provider	Training Method
System Updates	Heywood	Online seminar
GDPR	Dundee City Council	E-Learning
Pension Dashboard	TPR, Heywood	MS Teams
McCloud	Heywood	MS Teams
I-Connect	In-house	In person & MS Teams
Engage	Heywood, In-house	In person & MS Teams
Insights	In-house	In person & MS Teams
Heywood – TEC Modules	In-house	In person
Valuation	Heywood	MS Teams
Aggregations	Heywood, Hyman Robertsons	MS Teams
Fraud Webinar	TPR	Online seminar

- 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, Ill health Retirement and McCloud
Employer Forum	An MS Teams meeting was held with employers to provide updates on Admin Strategy and team update, McCloud, I Connect, MSS & Dashboards, Forms and Website
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.
Communication issued to members	As part of the Annual Benefit statement details of the benefits available to our members is provided. This update highlights key features of the scheme, recent developments, and any changes that may impact members.

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 90 with membership totals shown below:

	31 March 2025	31 March 2026
Contributing Members	19,232	19,809
Pensioners	19,497	20,247
Deferred Pensioners	11,758	11,981
Undecided or Frozen	8,449	8,728
	58,936	60,765

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 rate 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 City Governance Committee and Pension Board. 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 2026*	%
Equities	65%	Equities	70.2
Bonds	13%	Bonds	12.7
Property	12%	Property	10.4
Alternatives	10%	Alternatives	6.7

*Allocation at 31 March 2026 excludes cash.

In the year to 31 March 2026, the Fund ended 1.24% behind benchmark, with underperformance across all portfolios except the bond portfolios. Markets were volatile over the period amid ongoing geopolitical and monetary policy concerns. Despite this risk assets were resilient as strong corporate earnings and continued economic expansion drove strong returns and a risk-on sentiment across the majority of the year. Bond and gilt markets delivered moderate positive returns over the period, despite significant intra-period volatility experienced due to shifting monetary policy and geopolitical risks. The UK property sector continued its recovery, benefitting from lower interest rates which helped to spur activity.

Over the year, the fund rose from £5.566bn to £6.160bn by 31 March 2026. A 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 and are required to be reported to the Regulator. During the financial year, there were no material breaches encountered.

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:
  - 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 increase slightly, due to the disruption to global energy markets, the trajectory of interest rates remains uncertain. Key risks to the outlook include increasing trade fragmentation, the impact of Artificial Intelligence, shifts in policy direction, and ongoing and worsening geopolitical tensions. 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.

2025/26 Accounts

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 £124.323m. This has increased by £1.332m during the year to 31 March 2026. Benefits payable were £178.304m, which increased by £0.385m since the previous year. Contributions increased in the scheme during 2025/26 mainly due to increased active membership and pay increases being applied. 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 £6.160bn from £5.566bn in 2025.

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	**2021/22**	**2022/23**	**2023/24**	**2024/25**	**2025/26**
Number of Employers	43	42	41	40	38
Active Members	18,816	18,912	18,765	19,232	19,809
Deferred Members	10,865	11,427	11,774	11,758	11,981
Undecided / Frozen	6,139	7,235	7,721	8,449	8,728
Pensioners	17,526	18,008	18,645	19,497	20,247
Total Membership	**53,346**	**55,582**	**56,905**	**58,936**	**60,765**

Member Transactions	**2021/22** £000	**2022/23** £000	**2023/24** £000	**2024/25** £000	**2025/26** £000
Employer Contributions	81,241	84,524	91,564	89,674	89,704
Employee Contributions	28,363	30,210	32,200	33,317	34,619
Transfers In	6,221	3,954	8,008	7,344	4,862
Lump Sums Paid	(26,132)	(27,481)	(35,073)	(46,747)	(40,139)
Pension Paid	(99,574)	(105,447)	(118,462)	(131,172)	(138,165)
Transfer Out	(5,757)	(5,076)	(4,676)	(45,066)	(10,648)
Administration costs	(1,968)	(1,867)	(2,339)	(2,205)	(2,854)
Net withdrawals	**(17,606)**	**(21,183)**	**(28,778)**	**(94,855)**	**(62,620)**

Net Asset Movements	**2021/22** £000	**2022/23** £000	**2023/24** £000	**2024/25** £000	**2025/26** £000
Opening Net Assets	4,849,572	5,095,976	4,834,052	5,493,525	5,565,929
Investment Income	79,440	84,205	82,981	74,138	73,933
Management Costs	(10,494)	(9,934)	(10,422)	(11,074)	(12,098)
Member Transactions	(17,606)	(21,183)	(28,778)	(94,855)	(62,620)
Change in Market Value	195,064	(315,012)	615,692	104,195	594,586
Closing Net Assets	**5,095,976**	**4,834,052**	**5,493,525**	**5,565,929**	**6,159,731**

Cashflow Forecast	**2026/27** £000	**2027/28** £000	**2028/29** £000	**2029/30** £000	**2030/31** £000
Pension Income	136,283	142,432	148,861	155,581	162,607
Pension Expenditure	(202,818)	(215,910)	(229,859)	(244,723)	(260,561)
Net Pension Cashflow	(66,535)	(73,477)	(80,998)	(89,142)	(97,954)
Net Investment Income	72,552	76,978	81,673	86,655	91,94

	2031/32 £000	**2032/33** £000	**2033/34** £000	**2034/35** £000	**2035/36** £000
Pension Income	169,951	177,729	185,657	194,049	202,822
Pension Expenditure	(277,438)	(295,423)	(314,589)	(335,013)	(356,779)
Net Pension Cashflow	(107,487)	(117,794)	(128,932)	(140,964)	(153,957)
Net Investment Income	97,550	103,500	109,814	116,513	123,620

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 2026:

Bailie Willie Sawers (Chairperson)
Bailie Kevin Keenan
Councillor Steven Rome
Councillor Dorothy McHugh
Councillor James Black
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 the pension scheme is being run properly and that scheme members, 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 2026:

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

* Appointed on 23rd March 2026.
** stood down as Chairperson on 23rd March 2026.

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:

Paul Thomson	Executive Director of Corporate Services
Claire Gillespie	Head of Corporate Finance
Tracey Russell (retired 30 November 25, post vacant)	Service Manager – Pension Services
Roger Mennie	Head of Democratic and Legal Services

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	ISIO Services Ltd
Actuary	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.

Executive Summary

Tayside Pension Fund operates within the governance framework of Dundee City Council and is supported by the Pension Sub-Committee and Board and Corporate Finance Section. During 2025/26, governance arrangements continued to support the effective administration and investment management of the Fund.

Reviews undertaken during the year, including internal audit work, governance self-assessments and compliance monitoring, provided assurance over the effectiveness of the Fund's governance, risk management and internal control arrangements. Whilst areas for improvement were identified, action plans have been established to address these and support the Fund's continuous improvement programme.

Overall Governance Opinion

Based on the review undertaken, Dundee City Council is satisfied that Tayside Pension Fund maintained generally effective governance, risk management and internal control arrangements during 2025/26. The Fund's governance framework remains fit for purpose and supports compliance with relevant legislation and regulatory requirements.

Basis for Opinion

This opinion is informed by:

- The annual review of compliance with the Local Code of Corporate Governance
- Annual self-assessments completed by senior officers
- The work of Internal Audit and External Audit
- Oversight provided by the Pension Sub-Committee and Board
- Ongoing monitoring of risks, performance and regulatory compliance

The review identified areas requiring improvement, reflected in the Continuous Improvements Agenda and Audit recommendations. However, no significant governance weaknesses were identified that would affect the overall effectiveness of the Fund's governance framework.

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:

- GDPR Review
- McCloud Post Implementation Review
- Data Quality (Data Gap) Review

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 Moderate Assurance opinion. Across three of the reviews, there were two high, seven medium-risk and one low-risk findings. The fourth review was "Not Rated" as this was a data gap analysis / advisory review. PwC inform that governance, risk management and control in relation to the internal audit reviews performed requires improvement. Across the reviews undertaken, a number of high and medium risk rated weaknesses have been identified and, these are considered material to the overall framework. However, certain discrete elements of the system of internal control remain effective and unaffected. PWC concluded that improvements are required in the 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 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.
- A Risk and Assurance Board.

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 action plans as appropriate.
The effectiveness of the governance framework is reviewed annually by senior officers. The 2025/26 review of governance arrangements against the Local Code of Corporate Governance has identified the Council as being 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 completion of a 78-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; Partnerships; and Information Governance. This again indicated a high level of compliance, with an overall score above 94% for 2025/2026.

The Council's Internal Audit service provides independent and objective assurance on the adequacy and effectiveness of Council's governance, risk management and control processes. The service operates in accordance with the Global Internal Audit Standards as applicable to the UK public sector and reports functionally to the Scrutiny and Audit Committee.

The Chief Internal Auditor provides an annual conclusion encompassing the Council's governance, risk management and control, drawing on audit work undertaken during the year. This conclusion informs the annual review of governance and supports the assurance provided in this Statement.

The Council has undertaken a comprehensive self-assessment of its internal audit arrangements against the CIPFA Code of Practice for the Governance of Internal Audit in UK Local Government (2025) and concludes that it generally conforms with the requirements of the Code, with robust governance, oversight and organisational arrangements in place to support effective internal audit. Internal audit operates under a formally approved mandate and charter aligned to regulatory requirements. There are clear reporting lines to the Sub Committee of the City Governance Committee and Pension Board, which provides effective oversight through approval of audit plans, monitoring of performance, and review of the Chief Internal Auditor's annual conclusion and Global Internal Audit (UK Public Sector) conformance assessment. Arrangements are in place to safeguard independence, including unrestricted access to information and direct engagement with elected members, supported by appropriately qualified leadership and defined quality assurance processes, including external review.

Overall, the Council is satisfied that internal audit is operating effectively and continues to provide independent and objective assurance on governance, risk management and internal control, in line with the principles of the Global Internal Audit Standards as applicable in UK Local Authorities, which include the Code.

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 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	Hymans Robertson was commissioned by Tayside Pension Fund to review its staffing structure and identify where improvements could be made to enable the Fund to meet its operational requirements more efficiently and effectively. Recommendations are in the process of being implemented, prioritising recruitment of key posts.

	GDPR	Review of the design of key controls in respect of GDPR regulations	Internal audit concluded. Recommendations will be addressed in year.
Administration	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.	Internal audit concluded. Recommendations will be addressed in year.
	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.	Internal audit concluded. Recommendations will be addressed in year.

The following are service improvements specific to Tayside Pension Fund planned for 2026/27:

Business Area	Item	Description	Status / Information
Finance & Governance	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: • Actuary • Investment advisor	Scheduled
	Risk Management & Regulatory Compliance	Assessment in line with TPR General Code	In progress
Administration	Pensions dashboard	Access to tool to enquire about missed pension pots and benefit values	Connected October 2025, awaiting wider rollout

Information on the Fund is available from the following links:

Minutes of Joint Pension Sub-Committee and Pension Board meetings:
https://www.dundeecity.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

Forward Looking Statement

During 2026/27, the Fund will continue to strengthen its governance arrangements through implementation of the agreed Continuous Improvement Agenda. Key areas of focus will include employer covenant activities, standardisation of admission agreements, procurement exercises for key professional advisers, ongoing regulatory and compliance work, and continued development of administration process to support initiatives such as Pensions Dashboards.

Progress against these actions will be monitored through the Fund’s governance framework and reported to the Pension Sub-Committee and Board as appropriate.

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 2025/26. It is proposed over 2026/27 steps are taken to address the items identified in the Continuous Improvement Agenda to further enhance governance arrangements.

Gregory Colgan	**Bailie Willie Sawers**
Chief Executive	Chair of Pension Sub-Committee
Dundee City Council	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.dundeecity.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.dundeecity.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 25/26		
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; iv) expert advisors (on an ad-hoc basis).	✓	The External Investment Advisor, Isio Ltd, attend annual Committee meetings. The Actuary, Barnett Waddingham, attends Committee meetings as required. 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 express an interest in wanting to be part of those arrangements.	✓	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/

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 no later than 30 June 2026 and the audited accounts will be submitted to the Pension Sub-Committee to be approved for signing at its meeting on 28 September 2026.

Bailie 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 2026).

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 2026, and their income and expenditure for the year ending 31 March 2026.

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 2026 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 2025/26 (the 2025/26 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 2026 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 2025/26 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 15th April 2026. My period of appointment is two years, covering 2025/26 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 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 am required by the Accounts Commission to report to you if, in my opinion:

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

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.

John Boyd FCPFA

Audit Director

Audit Scotland

4th Floor

The Athenaeum Building

8 Nelson Mandela Place

Glasgow

G2 1BT

TAYSIDE PENSION FUND - FUND ACCOUNT

2024/25 £000		Note	2025/26 £000
	Dealings with Members, Employers and other directly involved in the fund		
89,674	Employers' contributions	5	89,704
33,317	Employees' contributions	5	34,620
7,344	Transfers in from other pension funds	7	4,862
130,335			129,186
(177,919)	Benefits	6	(178,304)
(45,066)	Payments to and on account of leavers	8	(10,648)
(222,985)			(188,952)
(92,650)	Net Withdrawals from dealings with members		(59,766)
(2,205)	Administration Expenses	20	(2,854)
(94,855)	**Net Withdrawals from dealings with Members including Administration Expenses**		**(62,620)**
	Returns on Investments		
74,138	Investment Income	9	73,934
104,195	Change in Market Value of Investments	10a	594,586
(11,074)	Investment Management Expenses	21	(12,098)
167,259	**Net Returns on Investments**		**656,422**
72,704	**Net increase/(decrease) in Fund during the year**		**593,802**
5,493,525	**Opening Net Assets of the scheme**		**5,565,929**
5,565,929	**Closing Net Assets of the scheme**		**6,159,731**

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

2024/25 £000		Note	2025/26 £000
	Investment Assets	10	
264,061	Bonds		277,393
2,199,093	Equities		2,469,416
348,455	Fixed Income funds		364,579
1,492,764	Equity funds		1,688,165
258,876	Diversified Alternatives		396,899
108,066	Multi Asset Credit		115,287
580,866	Pooled Property Investments		616,835
1,471	Derivatives		1,937
16,568	Other Investment Assets		22,253
393,073	Cash Deposits		161,134
5,663,283			6,113,898
(108,340)	Investment Liabilities	10	(15,053)
5,554,943	**Total Net Investments**	**10**	**6,098,845**
16,990	Current Assets	17	67,494
5,571,933			6,166,339
(6,004)	Current Liabilities	18	(6,608)
5,565,929	**Net assets of the fund available to fund benefits at the end of the reporting period**		**6,159,731**

Paul Thomson CPFA
Executive Director of Corporate Services
Dundee City Council

The Net Asset Statement represents the value and liabilities as at 31 March 2026 (excluding liability to pay pensions).

The Unaudited Accounts were issued on 30 June 2026 and the Audited Accounts were authorised for issue on 28 September 2026.

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 35 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 2025/26 financial year and its position as at the 31 March 2026. 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 2025/26 (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 2026 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. Two employers elected to make an upfront payment of their 2025/26 employer contributions in April 2025 with a balancing payment in April 2026.

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 2025/26.

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.dundeecity.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:

	2025 £000	2026 £000
Short-term benefits	10	10
Post-employment benefits	5	4

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 2024/25 £000	Balances due 31 March 2025 £000	Transactions 2025/26 £000	Balances due 31 March 2026 £000
Dundee City Council	Administering	34,900	3,726	33,900	-
Angus Council	Scheduled	20,642	1,721	21,686	1,836
Care Inspectorate	Admitted	6,833	405	6,895	198
Dundee and Angus College	Scheduled	2,790	-	2,866	-
Leisure and Culture Dundee	Admitted	2,407	-	2,632	-
Perth and Kinross Council	Scheduled	29,337	2,709	29,278	2,454
Scottish Social Services Council	Admitted	2,585	76	2,699	71
Tayside Contracts	Scheduled	8,124	354	8,393	-
Tayside Police Civilians	Scheduled	5,056	-	5,607	-
University of Abertay Dundee	Admitted	1,936	-	1,874	145

5 – Contributions Receivable

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

2025/26	Administering Authority £000	Other Scheduled Bodies £000	Admitted Bodies £000	Total £000
Member contributions	9,435	19,360	5,825	34,619
Employer contributions	24,490	50,576	12,377	87,443
Strain on Fund	919	1,148	195	2,261
Total	34,844	71,084	18,396	124,324

2024/25	Administering Authority £000	Other Scheduled Bodies £000	Admitted Bodies £000	Total £000
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

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)	
	2024/25	2025/26	2024/25	2025/26
	£000	£000	£000	£000
Administering Authority	61,276	61,982	15,994	14,341
Other Scheduled Bodies	89,843	87,348	23,983	15,295
Admitted Bodies	26,800	28,973	6,770	10,503
	177,919	**178,303**	**46,747**	**40,139**

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	
	2024/25	2025/26
	£000	£000
Administering Authority	1,792	1,411
Other Scheduled Bodies	3,162	2,196
Admitted Bodies	2,390	1,255
	7,344	**4,862**

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	
	2024/25	2025/26	2024/25	2025/26
	£000	£000	£000	£000
Administering Authority	1,602	4,440	24	47
Other Scheduled Bodies	42,473*	4,049	77	96
Admitted Bodies	841	1,956	49	80
	44,916	**10,445**	**150**	**223**

* 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

	2024/25 £000	2024/25 £000
Bonds	12,581	12,684
Dividends from Equities	39,422	34,086
Income from Pooled Investment Vehicles	16,971	22,262
Interest on Custody Cash Deposits	4,569	4,292
Securities Lending	143	175
Interest on Cessation Debt	47	-
Interest on Internal Cash Deposits	981	1,101
	74,714	74,600
Withholding Tax	(576)	(666)
	74,138	**73,934**

10 – Investments

Market Value as at	31 March 2025	31 March 2026
Investment Assets	£000	£000
Bonds	264,061	277,393
Equities	2,199,093	2,469,416
Fixed Income Funds	348,445	364,579
Equity Funds	1,492,764	1,688,165
Diversified Alternatives	258,876	396,899
Multi-Asset	108,066	115,287
Pooled Property Investments	580,866	616,835
Derivative contracts - Futures	298	1,846
Derivatives – Forward Currency Contracts	1,173	91
Cash deposits	393,073	161,134
Investment Income due	12,650	13,430
Amounts receivable for sales	3,353	6,681
Other Investment assets	565	2,142
Total Investment Assets	**5,663,283**	**6,113,898**

Investment Liabilities		
Derivative contacts`	(976)	(5,310)
Amounts payable for purchases	(107,364)	(9,743)
Other Investment liabilities	-	(1)
Total Investment Liabilities	**(108,340)**	**(15,053)**
Net Investment Assets	**5,554,943**	**6,098,845**

10a Reconciliation of Movements in Investments and Derivatives

	Market value at 31/03/25	Purchases during the year and derivative payments	Sales during the year and derivative receipts	Change in Market Value during the year	Market value at 31/03/26
	£000	£000	£000	£000	£000
Bonds	264,061	155,627	(143,518)	1,222	277,393
Equities	2,199,093	947,593	(994,539)	317,269	2,469,416
Pooled Investments	1,949,275	4,657	(55,473)	269,572	2,168,031
Pooled Property Investments	580,866	101,000	(62,158)	(2,873)	616,835
Diversified Alternatives	258,876	128,000	-	10,023	396,899
	5,252,171	1,336,877	(1,255,688)	595,213	5,928,574
Derivative Contracts -					
Futures	(562)	79,859	(79,511)	(1,928)	(2,142)
Options	-	-	-	-	-
Currency Forwards	1,057	4,137	(5,845)	(579)	(1,231)
	5,252,666	1,420,872	(1,341,044)	592,706	5,925,201
Other Investment Balances	562			954	2,142
Cash Deposits	393,073			697	161,134
Amounts receivable for sales	3,353			(8)	6,681
Investment income due	12,650			-	13,430
Spot FX contracts	3			292	-
Amounts payable for purchases	(107,362)			(55)	(9,743)
Net Financial Assets	**5,554,943**			**594,586**	**6,098,845**

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 2026, the market value of these investment assets was £6,098.8m (2025 £5,554.9m), managed as follows:

		2025		2026	
Fund Manager	Mandate	£000	%	£000	%
Schroders Property	Property	689,511	12.4	709,864	11.6
Fidelity	Global Equity	1,192,451	21.5	1,400,620	23.0
Baillie Gifford	Global Equity	692,972	12.5	948,480	15.6
Fidelity	Bond	375,990	6.8	391,359	6.4
Baillie Gifford	UK Equity	366,528	6.6	188,862	3.1
Legal & General	Passive Equity	1,444,319	26.0	1,688,165	27.7
GSAM Broad Street	Infrastructure	3,266	0.1	2,519	-
Northern Trust	Securities Lending	39	-	15	-
Baillie Gifford	Equity (Positive Change)	48,449	0.9	-	-
The Partners Fund	Private Markets	387,034	7.0	396,899	6.5
LGIM Buy and Maintain	Bond	246,309	4.4	256,775	4.2
Apollo Total Return Fund	Multi-asset	108,067	1.9	115,287	1.9
Net Investment Assets		**5,554,943**	**100.0**	**6,098,845**	**100.0**

The following investments represent more than 5% of the net assets of the scheme as at 31 March 2026:

	Market value as at 31/03/2025 £000	% of total fund	Market value as at 31/03/2026 £000	% of total fund
Partners Group	-	-	396,899	6.5
LGIM All World Equity Index (OFC)	661,147	11.9	-	-
LGIM Future World Index (OFC)	783,168	14.1	1,688,165	27.7
	1,444,315		2,085,064	

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 31/03/2025 £000	Economic exposure £000	Market Value as at 31/03/2026 £000
Assets					
Overseas Fixed Income Futures	Less than one year	12,385	298	(111,284)	1,846
Total assets			**298**		**1,846**
Liabilities					
UK Fixed Income Futures	Less than one year	64,366	(377)	88,141	(3,721)
Overseas Fixed Income Futures	Less than one year	(63,486)	(483)	22,787	(268)
Total liabilities			**(860)**		**(3,988)**
Net futures			**(562)**		**(2,142)**

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	77,602	EUR	(89,062)	1	(369)
One to six months	GBP	33,693	USD	(45,678)	-	(948)
One to six months	EUR	9,869	GBP	(8,605)	39	(4)
Up to one month	EUR	2,757	GBP	(2,388)	21	-
Up to one month	USD	3,225	GBP	(2,416)	29	-
Up to one month	GBP	53	EUR	(61)	-	-
Open forward currency contracts at 31 March 2026					**91**	**(1,322)**
Net forward currency contracts at 31 March 2026						**(1,231)**

Prior year comparative:	Asset value	Liability value
Open forward currency contracts at 31 March 2025	1,172	(116)
Net forward currency contracts at 31 March 2025		1,056

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).	• 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).	• 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 31/03/2026	Quoted market price	Using observable inputs	With significant unobservable inputs	
	Level 1	Level 2	Level 3	Total
	£000	£000	£000	£000
<u>Financial assets at fair value through profit and loss -</u>				
Bonds	277,393	-	-	277,393
Equities	2,469,409	-	7	2,469,416
Pooled Funds	107,804	1,944,940	512,186	2,564,930
Pooled Property Investments	-	9,884	606,951	616,835
Derivative contracts	1,846	91	-	1,937
Cash deposits	114,315	46,819	-	161,134
Investment Income due	12,117	-	1,313	13,430
Amounts receivable for sales	-	6,681	-	6,681
Other Investment assets	2,142	-	-	2,142

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	-	(9,743)	-	(9,743)
Other investment liabilities	-	-	-	(1)
Derivative Liabilities	(3,988)	(1,322)	-	(5,310)
Net financial assets	**2,981,038**	**1,997,349**	**1,120,457**	**6,098,845**

Market Value as at 31/03/2025	Quoted market price	Using observable inputs	With significant unobservable inputs	
	Level 1	Level 2	Level 3	Total
	£000	£000	£000	£000
Financial assets at fair value through profit and loss -				
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	82,417*	397,359*	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**	**1,749,785***	**764,354***	**5,554,943**

*It has been identified that three holdings within this category were classified as Level 2 in the prior year but should have been classified as Level 3. The prior year comparative figures have therefore been restated

12a Reconciliation of Fair Value Measurements within Level 3

	Market Value as at 31/03/2025 £000	Transfers in/out of Level 3 £000	Purchases £000	Sales £000	Unrealised gains (losses) £000	Realised gains (losses) £000	Market Value as at 31/03/2026 £000
UK Property Funds	397,389*	94,009*	102,284	(47,458)	58,814	3,227	608,264
Overseas Equities	7	-	-	-	-	-	7
UK quoted	15	-	-	(16)	(15)	16	-
Diversified Alternatives	258,876	-	128,000	-	10,023	-	396,899
Multi-Asset	108,066	-	-	-	7,220	-	115,287
Total	**764,354**	**94,009**	**230,284**	**(47,474)**	**76,042**	**3,242**	**1,120,457**

*It has been identified that three holdings within this category were classified as Level 2 in the prior year but should have been classified as Level 3. The prior year comparative figures have therefore been restated

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 2026.

	Assessed valuation range (+/-)	Value as at 31/03/2026 £000	Value on Increase £000	Value on Decrease £000
UK property Funds	13%	606,951	685,855	528,048
Overseas Equities	19%	7	9	6
Diversified Alternatives	18%	396,899	468,341	325,457
Multi-asset	9%	115,287	125,663	104,911
Total		**1,119,144**	**1,279,867**	**958,422**

13 - Financial Instruments

13a Classification of Financial Instruments

Market Value as at 31/03/2025				Market Value as at 31/03/2026		
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			
264,061	-	-	Bonds	277,393	-	-
2,119,093	-	-	Equities	2,469,416	-	-
1,949,276	-	-	Pooled investments	2,168,031	-	-
580,866	-	-	Pooled property investments	616,835	-	-
-	-	-	Private equity / infrastructure	-	-	-
258,876	-	-	Diversified Alternatives	396,899	-	-
1,471	-	-	Derivative contracts	1,937	-	-
26,509	366,564	-	Cash	46,938	114,196	-
565	12,650	-	Other investment balances	2,142	13,430	-
-	3,353	-	Debtors	-	6,681	-
5,280,716	**382,567**	**-**		**5,979,591**	**134,307**	**-**
			Financial liabilities			
(976)	-	-	Derivative contracts	(5,310)	-	-
-	-	-	Other Investment balances	-	-	(1)
-	-	(107,364	Creditors	-	-	(9,743))
(976)	**-**	**(107,364)**		**(5,310)**	**-**	**(9,743)**
5,279,740	**382,567**	**(107,364)**	**Total**	**5,974,281**	**134,307**	**(9,743)**
	5,554,943		**Grand Total**		**6,098,845**	

13b Net Gains and Losses on Financial Instruments

Market Value as at 31/03/2025		Market Value as at 31/03/2026
£000	**Financial Assets**	£000
105,968	Fair value through profit and loss	595,213
2,823	Loans and receivables	1,943
	Financial Liabilities	
(4,164)	Fair value through profit and loss	(2,506)
(432)	Loans and receivables	(64)
104,195		594,586

14 - Stock Lending

The total amount of stock released to third parties under a stock lending arrangement as at 31 March 2026 was £108.7m (2025 £64.5m). 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 2025	31 March 2026
	£000	£000
Prudential	14,595	18,947
Standard Life	3,217	3,836

Contributions Received	2024/25	2025/26
	£000	£000
Prudential	4,926	5,681
Standard Life	327	436

16 - Actuarial Present Value of Promised Retirement Benefits

The actuarial value of the promised retirement benefits as at 31 March 2026, calculated in line with International Accounting Standard 19 (IAS19) assumptions, is estimated to be £3,535.3m (2025 £3,572.3m) which consists of both vested and non-vested benefits, where members have not reached their vesting period. Non-vested benefits have been assumed to have a negligible value. 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 previously 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	2024/25	2025/26
	%	%
Inflation / pension increase rate	2.95	2.90
Salary increase rate	3.95	3.90
Discount rate	5.75	6.10

17 – Current Assets

	2024/25	2025/26
	£000	£000
Contributions Due from Employers	10,386	11,750
Cash and bank	6,125	54,429
Pending sales ledger income	65	90
Miscellaneous debtors	415	1,226
	16,990	67,494

18 – Current Liabilities

	2024/25	2025/26
	£000	£000
Unpaid benefits	3,651	3,813
Custodian fees	53	60
Cash and bank	28	
Investment Manager Fees	2,102	2,368
Consultancy fees	25	43
HMRC	66	-
Audit Services	42	47
Miscellaneous creditors	37	277
	6,004	6,608

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 £37,210, for the financial year. (2025 £32,790). During 2024/25 financial year the Fund received no other services from Audit Scotland. The Fund also incurred internal audit fees of £91,000 from PwC (2025 £42,379)

20 – Management Expenses

	2024/25	2025/26
	£000	£000
Administrative costs	2,097	2,665
Investment management expenses	11,074	12,098
Oversight and governance costs	108	189
	13,279	14,952

21 – Investment Expenses

	2024/25 £000	2025/26 £000
Management fees	9,911	10,380
Custody fees	77	125
Performance monitoring service	28	21
Investment consultancy	101	170
Commission recapture	(2)	-
Transaction costs	959	1,402
	11,074	12,098
Investment Management fees as a percentage of Net Financial Assets	0.20%	0.20%

	Management fees £000	Transaction costs £000	Total £000
Bonds	687	-	687
Equities	6,556	1,402	7,958
Pooled investments	425	-	425
Property	2,659	-	2,659
Alternatives	-	-	-
Securities Lending	52	-	52
	10,380	1,402	11,782
Custody fees			146
Consultancy fees			170
Total			12,098

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 to 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	19.0%
Emerging Markets	26.0%
Global	19.0%
Bonds	
UK Index-Linked Gilts	12.5%
UK Gilts	13.5%
UK Corporate	13.0%
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 2026. 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:

			Potential change in year in the net assets available to pay benefits	
	Value £	% Change	Favourable Market Movement £	Unfavourable Market Movement £
Equities				
UK	291,957,165	19.0%	347,429,026	236,485,304
Emerging Markets		26.0%	-	-
Global	3,865,624,434	19.0%	4,600,093,076	3,131,155,791
Bonds			-	-
UK Index-Linked Gilts	107,804,486	12.5%	121,280,047	94,328,925
UK Gilts	-	13.5%	-	-
UK Corporate	91,464,682	13.0%	103,355,091	79,574,274
Multi-asset Credit	115,286,820	9.0%	125,662,634	104,911,006
Other	440,560,252	9.0%	480,210,675	400,909,829
Property	616,835,182	13.0%	697,023,755	536,646,608
Alternatives	396,898,998	18.0%	468,340,817	325,457,178
Cash	172,412,824	2.0%	175,861,080	168,964,567

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 2026 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 2026 (£)	Potential change in year in the net assets available to pay benefits £	
		100bps	-100bps
Fixed Interest Securities	649,453,618	(15,573,717)	15,573,717
Index-Linked Securities	107,804,486	(17,787,740)	17,787,740
Cash	161,133,785	-	-
Total change in assets available	918,391,888	(33,361,457)	33,361,457

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 £1,611,338 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 on 31 March 2026. 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 on 31 March 2026:

Currency exposure – asset type	Asset value (£)
	31 March 2025
Overseas quoted securities	2,177,459,035
Overseas unit trusts	1,688,165,398
Overseas public sector bonds (quoted)	4,651,206
Overseas corporate bonds (quoted)	177,555,914
Total Overseas assets	**4,047,831,553**

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 2026, including current account cash, was £7.614m (2025: £6.157m). This was held with the following institutions -

	Credit Rating	Balance as at 31 March 2025 £’000	Balance as at 31 March 2026 £’000
Money Market Funds -			
LGIM	AAAmf	6,125	7,400
Current account -			
Royal Bank of Scotland	F1	32	214

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 2026 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	3,535,256	
Sensitivity to	**+0.1%**	**-0.1%**
Discount rate	3,484,910	3,586,816
Long term salary increases	3,540,061	3,530,481
Pension increases and deferred revaluation	3,582,067	3,489,534
Sensitivity to	**+1 year**	**-1 year**
Life expectancy assumptions	3,672,033	3,430,188

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. Regulations have now been introduced which allow pension funds to implement the McCloud remedy.

GMP Equalisation. Remediation adjustments were completed by Tayside Pension Fund during 2025/26. 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. In June 2023, the UK High Court (Virgin Media Limited v NTL Pension Trustees II Limited) ruled that certain historical amendments for contracted-out defined benefit pension schemes were invalid if they were not accompanied by the correct actuarial confirmation. The judgment was subsequently upheld by the Court of Appeal. Following the Court of Appeal ruling in Virgin Media v NTL Pension Trustees II Ltd (and others), uncertainty arose regarding the validity of certain historic amendments to defined benefit pension schemes where actuarial confirmation had not been obtained. On 5 June 2025, the UK Government announced its intention to introduce legislation to address this uncertainty by allowing schemes to obtain retrospective actuarial confirmation that past benefit changes complied with the required standards. After the reporting date, this legislation was enacted through the Pension Schemes Act 2026 on 29 April 2026. The enactment of this legislation is not expected to have a material impact on Tayside Pension Funds financial position. The Local Government Pension Scheme is a contracted out defined benefit scheme, and amendments have been made during the period 1996 to 2016 which could impact member benefits. Work is being performed by the Government Actuary's Department as the Local Government Pension Scheme actuary to assess whether section 37 certificates are in place for all amendments and some of these have been confirmed. However, at the date of these financial statements, the full assessment is not complete. Until this analysis is complete, we are unable to conclude whether there is any impact on the assessed actuarial present value of promised retirement benefits under IAS 26, or if it can be reliably estimated. As a result, Tayside Pension Fund 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

The unaudited Statement of Accounts was authorised for issue by the Executive Director of Corporate Services on 30 June 2026. In accordance with IAS 10 (Events after the Reporting Period), the Fund has considered events occurring between the reporting date and the date the accounts were authorised for issue. No material events have been identified which require adjustment to, or separate disclosure within, these financial statements.

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:

Funding Strategy Statement June 2026 | Tayside Pension Fund

Tayside Pension Fund

Actuary’s Statement as at 31 March 2026

Barnett Waddingham LLP

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

At 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:

1. 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";
2. 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 has to 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 at 31 March 2023 are summarised below:

Assumptions as at 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**

Updated position

Assets

Returns over the year to 31 March 2026 have been higher than expected. As at 31 March 2026, 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 2026, 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 3.8% in line with the 2026 pension increase order, which is higher than the pension increase assumption at the previous valuation, increasing the liabilities further. 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 2026 there is a 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 has improved since 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.

Hagen Eichel FFA
Senior Consulting Actuary, 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 2026 | 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 2026 was as follows:

Asset Class	Asset Distribution 31 March 2025		Asset Distribution 31 March 2026	
	Fund Actual %	Target Allocation %	Fund Actual %	Target Allocation %
Equities	67.4	65.0	70.2	65.0
Bonds, Gilts	13.1	13.0	12.7	13.0
Property	12.4	12.0	10.4	12.0
Alternatives	7.1	10.0	6.7	10.0
Total	100.0	100.0	100.0	100.0

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		

Revised benchmarks effective 1/4/25 to 1/12/25			
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		

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)	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

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

<table>
<tr><th colspan="4">Revised benchmarks effective 1/12/25</th></tr>
<tr><th colspan="4">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)</th></tr>
<tr><th>EQUITIES</th><th>FIXED INCOME</th><th>PROPERTY</th><th>ALTERNATIVES</th></tr>
<tr><td>4%: FTSE All Share</td><td>15%: SONIA + 5.3%</td><td rowspan="5">100%: IPD All Balanced Property Funds Weighted Average Index</td><td rowspan="5">100%: 6% p.a. absolute return</td></tr>
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<tr><td>14%: FTSE Index-Linked Over 5yr Index</td></tr>
</table>

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)	18%	100% MSCI AC World GD Index	+ 2% pa (gross of fees)
Baillie Gifford UK	UK Equities (active)	3%	100% FTSE All Share Index	+ 1.5% pa (gross of fees)
LGIM	Global Equities (passive)	27%	100% 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

Over the 12 months to 31 March 2026, global market performance was positive across the majority of growth asset classes. This was despite a backdrop of considerable uncertainty caused by geopolitical events, which included President Trump's announcement of widespread global tariffs, the continued war in Ukraine, and more recently, the Middle Eastern conflict following the US strikes on Iran. The subsequent closure of the Strait of Hormuz led to a significant rise in the price of oil and is causing significant supply disruption due to the region's importance for global trade and shipping. However, despite volatility, the continued enthusiasm around Artificial Intelligence ("AI"), strong corporate earnings, and gradual monetary policy easing, has all contributed to growth assets' recovery after initial sell-offs following such events.

Both high-yield and investment grade bonds delivered positive performance over the year, while UK gilts experienced moderate returns over the period to 31 March 2026. UK nominal gilt yields are broadly flat on the year, but this masks material volatility. Yields fell slightly over the year, leading to modest positive returns as markets increasingly anticipated easing monetary policy. These gains were largely reversed in Q1 2026 as higher energy prices and geopolitical uncertainty following the US-Iran conflict let to inflationary concerns, pushing nominal gilt yields higher. Given the elevated inflation expectations over the period, index-linked gilts outperformed nominal gilts, and brought the likelihood of further rate cuts into question. For the US, the Federal Reserve decreased rates by 75bps to 3.75% over the Fund's reporting period, and the Bank of England announced multiple base rate cuts, also reducing the UK interest rate from 4.5% to 3.75% by the end of the period.

Global equities performed strongly over the 12-month period returning 19.7% (MSCI AC World Index, GBP hedged) in local currency terms over the year, whilst unhedged equities returned 18.0% (MSCI AC World Index, unhedged). Strong gains were driven by robust corporate earnings and AI enthusiasm, however, equity markets experienced heightened volatility in Q1 2026 due to geopolitical tensions. US equities delivered a return of 18.1% (FTSE North America, GBP hedged). The UK also delivered a positive return over the period, performing well relative to its global counterparts, largely due to large cap financials with overseas revenue exposure. Financials, energy and defensive sectors contributed positively to performance. UK equities posted a gain of 21.5% (FTSE All Share) over the 12-month reporting period. In contrast to recent years, emerging market equities outperformed their developed market counterparts, supported by strong returns from technology-heavy markets (Korea and Taiwan) and energy exporters (Saudi Arabia), delivering a return of 31.4% (MSCI EM, GBP hedged).

Credit market performance was positive over 2025 following easing monetary policy and inflation. However, credit markets experienced considerable volatility over Q1 2026. In the UK, index-linked gilts and Investment Grade ("IG") Credit posted positive returns over the 12-month period. UK nominal gilts delivered broadly flat returns. Global high yield delivered positive returns and outperformed UK IG Credit. Credit spreads continued to narrow to historic lows towards the end of 2025 before widening as a result of the US-Iran conflict. UK investment grade credit ended the 12-month period posting a positive return of 4.3% (ICE BoAML Sterling Non-Gilts). Global high yield credit outperformed due to spread tightening over much of 2025 and it's lower interest rate sensitivity, but experienced more marked declines in Q1 2026, delivering a positive return of 6.1% (ICE BoAML Global High Yield (GBP Hedged)) for the full period.

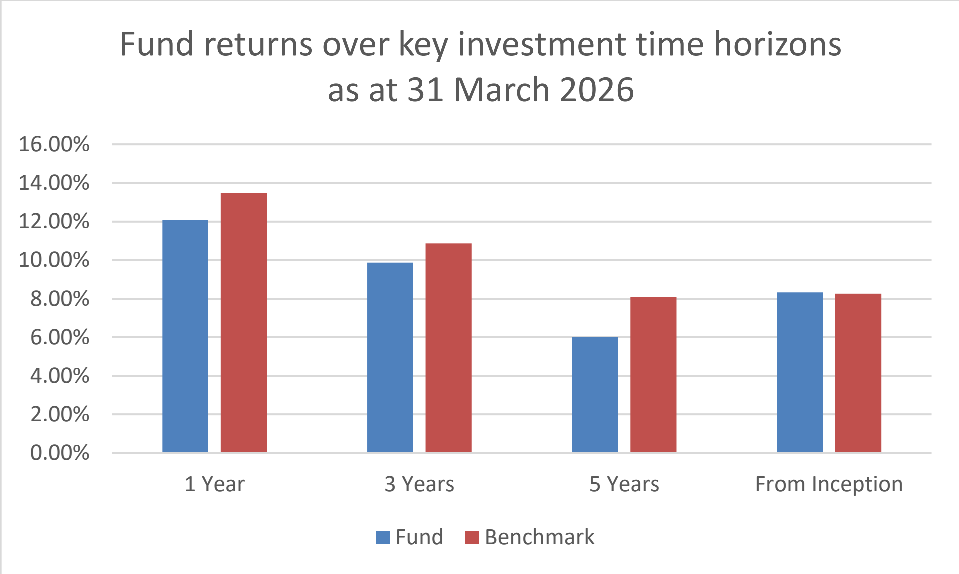
Fixed interest gilts (FTSE Gilts Over 15 years) and index-linked gilts (FTSE Index Linked Gilts Over 5 years) returned 0.4% and 3.8% over the period, respectively.

Positive UK property market performance continued, producing a return of 4.3% (UK All Balanced Open-Ended Property Fund Index) over the period with lower interest rates benefitting underlying asset values and spurring activity.

FUND PERFORMANCE

Performance Commentary

In the year to 31 March 2026, the Fund achieved positive return of 12.1%, whilst the benchmark return was 13.5%. The Fund value increased from £5.566bn to £6.160bn at end of March 2026. 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 positive return of 10.48% versus 17.97% 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. Growth style investors have struggled to achieve additional returns over a highly concentrated equity market, with stock selection continuing to be a key detractor for the portfolio. While underperformance relative to benchmark has been disappointing and sustained, within growth-focused active managers, Baillie Gifford continues to perform in line with its peers.

The strategy was reviewed as part of the equity portfolio review over the reporting year. The outcome was to continue to review the strategy closely and monitor its progress.

Baillie Gifford UK Equities - was significantly behind benchmark with a positive return of 7.99% versus 21.54% 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. The UK market saw a notable recovery over the period, benefitting from its bias to well-performing sectors including defence and energy. The portfolio continues to lag the benchmark significantly, largely as a consequence of stock selection.

The strategy was reviewed as part of the equity portfolio review over the reporting year. Following the review, the Fund reduced the strategic allocation to the mandate to 3% of Fund assets, in favour of a heavier weighting to global equities with Baillie Gifford and Fidelity, bringing the Fund's equity exposure closer in line with the broader market.

Fidelity Global Equity – was ahead of benchmark with a return of 21.16% versus 17.47% for the benchmark.

This portfolio has a stylistic balance across three differing investment methodologies to aim to deliver returns even in a low growth environment.

The portfolio had a very strong year, which marks a significant improvement on the previous reporting period. The strategy benefitted from the broadening of market leadership over the period, with outperformance relative to the benchmark driven by strong stock selection, particularly within the technology and IT sectors. The portfolio underwent a change in management at the beginning of the previous reporting year, with the new portfolio management team continuing the process of settling in.

Legal & General Investment Management Passive Equity – broadly tracked the benchmark with a return of 16.89% versus 17.05% for the benchmark.

Over the year, the Fund completed the transition of the passive mandate with L&G from the All-Word Equity Index to the Future World Global Equity Index fund, following review of the equity portfolio in June 2025.

Deviation from index tracking has been relatively minor (and in line with expectations) and largely driven by the impact of foreign taxation.

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 4.86% versus 4.23% 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 marginally behind benchmark with a return of 4.25% versus 4.42% for the benchmark. Whilst this is an actively managed mandate, the bonds within the portfolio are expected to be held over the long-term. The mandate was introduced to the portfolio in February 2024 and has outperformed the benchmark by 0.04% to date. 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 6.10% versus 4.15% for the benchmark. This mandate was introduced to the portfolio in February 2024 and has outperformed the benchmark since its implementation in the Fund. 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 2.91% versus 4.29% for the benchmark.

Given ongoing concerns with the manager, the Council agreed to pause any future investments within the portfolio until these concerns had been resolved. As such, the portfolio currently has an excess cash balance, pending any decision to resume investment, which has acted as a drag on performance for the strategy over the reporting year. The portfolio continues to outperform the benchmark over the longer-term, with returns ahead of benchmark for the 5-year and since inception time periods.

GSAM – Broad Street Real Estate Credit Partners III – The portfolio was behind benchmark with a return of 6.28% versus 12.30% for the benchmark. This fund is in the final stages awaiting closing distributions.

Partners Fund – The mandate was behind benchmark with a return of 2.59% versus 6.0% for the benchmark. The mandate was introduced to the portfolio in April 2024 and has underperformed the benchmark since inception. This portfolio focuses on private market investments across multiple asset classes, including private equity, private credit, infrastructure, and real estate.

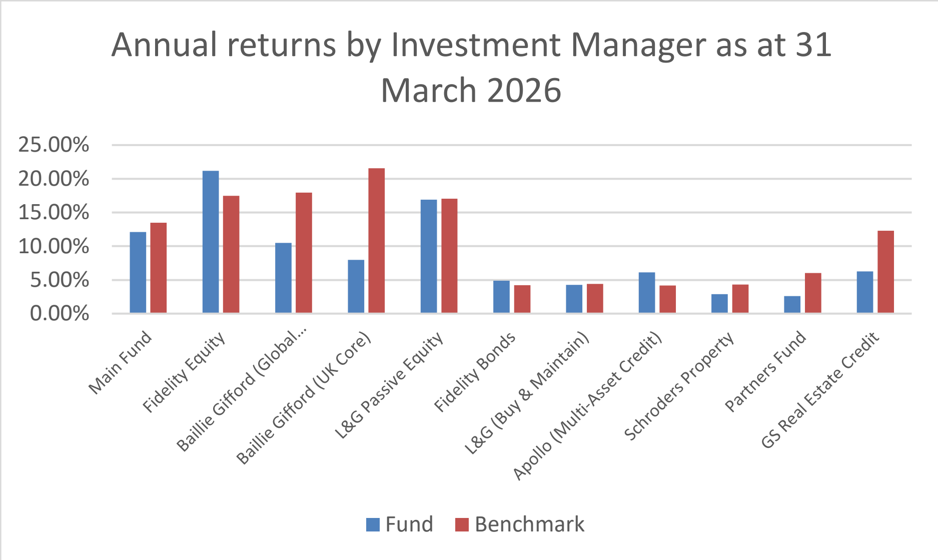
Portfolio Transitions

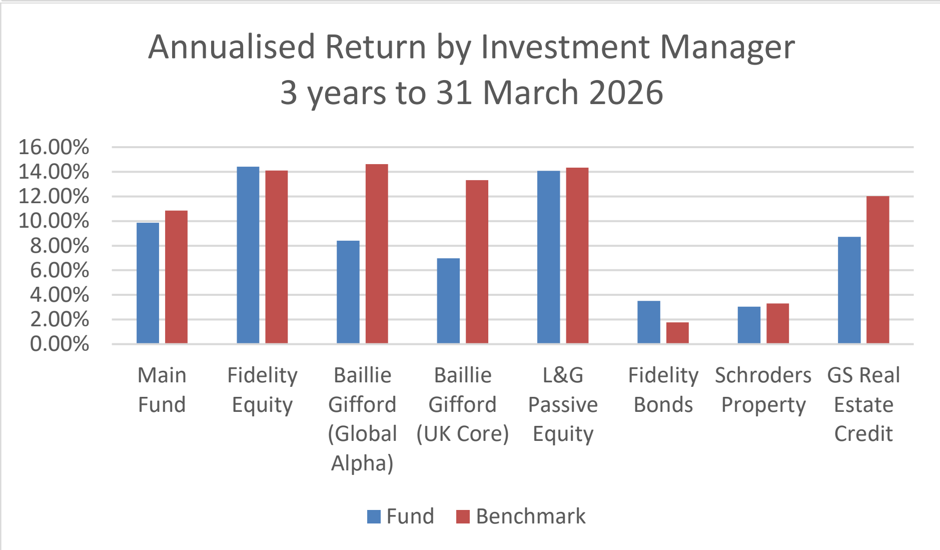
Following an Equity Portfolio Review undertaken in June 2025, a revised target portfolio for the Fund's equity portfolio was agreed. The most significant changes included termination of the Positive Change strategy with Baillie Gifford and agreement to complete the transition of all passive equity holdings with L&G to the Future World Global Equity Index strategy. Following agreement of the equity portfolio restructure, there was an exercise undertaken to rebalance the equity portfolio towards the revised strategic target allocation. The outcome of the exercise is summarised as follows:

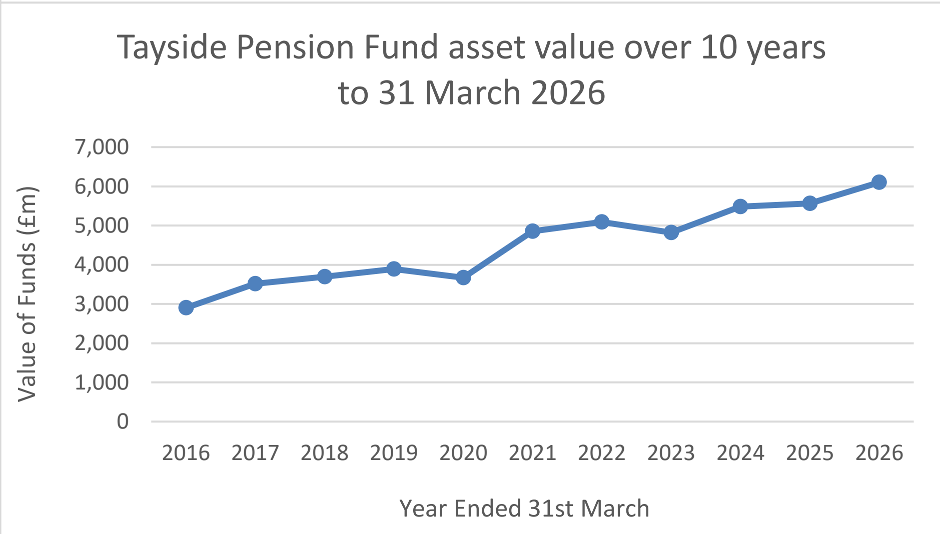
- Baillie Gifford Positive Change – termination of portfolio in Q3 2025. Proceeds from the disinvestment were used for ongoing cashflow requirements for the Fund
- Baillie Gifford UK Core strategy – partial disinvestment to revised strategic allocation of 3% of assets (disinvestment of c.£194m) in Q4 2025. Proceeds invested in Baillie Gifford Global Equity strategy.
- LGIM Passive Equity – transition of remaining 75% of portfolio from the All-World Index Fund to the Future World Global Equity Index Fund. Transition was carried out in tranches and completed in Q4 2025.

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.

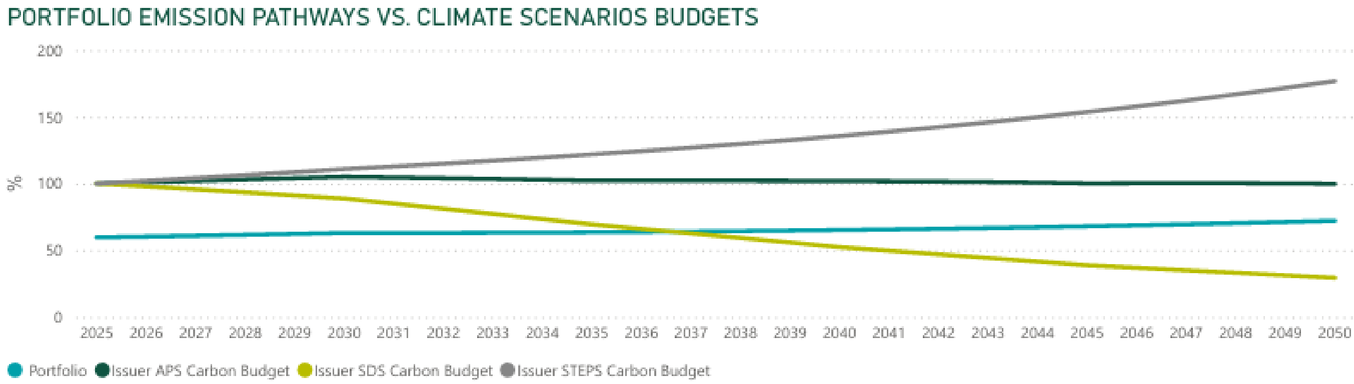
- Recommended Disclosure B - Describe the impact of climate related risks and opportunities on the organisation's businesses, strategy, and financial planning.

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



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	4.12%	86.00
2	NVIDIA Corporation	3.82%	84.00
3	Alphabet Inc.	3.25%	80.00
4	Amazon.com, Inc.	2.58%	71.00
5	Meta Platforms, Inc.	2.05%	78.00
6	Taiwan Semiconductor Manufacturing Co., Ltd.	2.03%	72.00
7	Apple Inc.	1.98%	74.00
8	JP Morgan Chase & Co.	1.41%	65.00
9	Prosus NV	1.35%	71.00
10	Mastercard Incorporated	1.26%	74.00

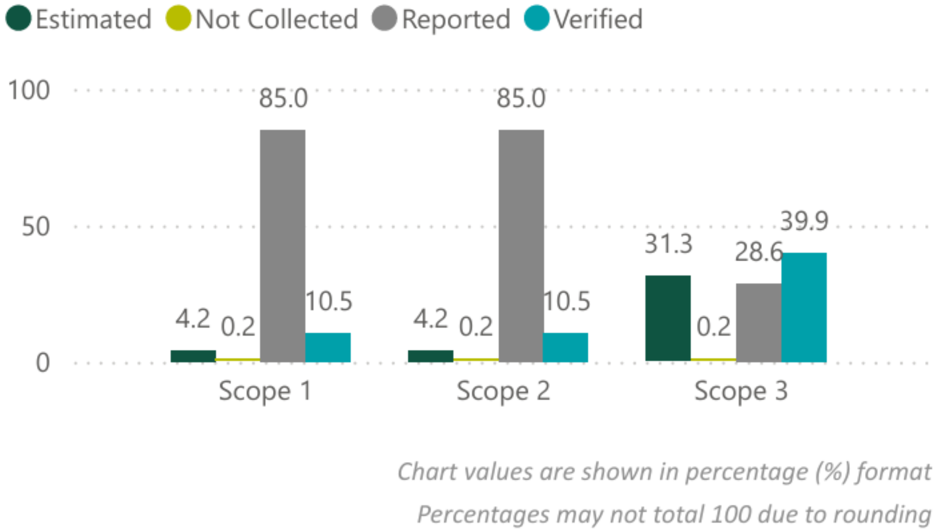
Top 10 Carbon Intensity (Scope 1+2)			
Rank	Issuer	% Portfolio	Carbon Intensity
1	Vistra Corp.	0.01%	5,567.99
2	Alliant Energy Corporation	0.00%	3,385.16
3	Holcim Ltd.	0.01%	3,372.81
4	Talen Energy Supply LLC	0.01%	3,319.10
5	The Southern Company	0.02%	3,152.10
6	Entergy Corporation	0.01%	2,963.32
7	Entergy Louisiana LLC	0.00%	2,963.32
8	Xcel Energy Inc.	0.02%	2,567.37
9	Duke Energy Corporation	0.03%	2,526.29
10	Duke Energy Progress LLC	0.01%	2,526.29

Bottom 10 Carbon Intensity (Scope 1+2)		
Issuer	**% Portfolio**	**Carbon Intensity**
Royal Pharma Plc	0.37%	0.00
Tritax Big Box REIT plc	0.02%	0.00
BayCurrent, Inc.	0.15%	0.00
Realty Income Corporation	0.07%	0.01
Just Group Plc	0.02%	0.02
Macquarie Group Limited	0.03%	0.02
DNB Bank ASA	0.02%	0.02
NASDAQ Inc	0.02%	0.02
ICG Plc	0.07%	0.02
Brookfield Corporation	0.17%	0.02

- 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



Summary findings of this analysis by mandate as at 31 December 2025 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	90.3	96.8	93,777.3	24,706.2	1,981,789.4	118,483.5	2,100,272.9
Benchmark	99.1	99.3	590,038.8	98,806.0	5,204,575.7	688,844.8	5,893,420.6

	Coverage %		Carbon Intensity (tCO2e) / GBPm Revenue				
	Number	Weight	Scope 1	Scope 2	Scope 3	Scope 1+2	Scope 1+2+3
Portfolio	90.3	96.8	81.6	21.5	1,724.8	103.1	1,827.9
Benchmark	99.1	99.3	243.4	40.8	2,146.8	284.1	2,431.0

Carbon Footprint (tCO2e) / GBPm Invested

Coverage %						
Number	Weight	Scope 1	Scope 2	Scope 3	Scope 1+2	Scope 1+2+3
90.3	96.8	20.3	5.3	428.1	25.6	453.7
99.1	99.3	127.4	21.3	1,124.2	148.8	1,273.0

Weighted Average Carbon Intensity (tCO2e) / GBPm Revenue

Coverage %						
Number	Weight	Scope 1	Scope 2	Scope 3	Scope 1+2	Scope 1+2+3
89.7	96.7	69.3	19.3	1,279.1	88.6	1,367.8
99.1	99.3	109.6	29.5	1,513.8	139.1	1,652.9

CARBON METRICS BY MANAGER

TOTAL CARBON EMISSIONS (tCO2e)

		Coverage %						
Manager	% of Portfolio	Number	Weight	Scope 1	Scope 2	Scope 3	Scope 1+2	Scope 1+2+3
Apollo Multi Credit	1.2	42.2	50.4	2,243.6	834.3	19,587.3	3,077.9	22,665.2
Baillie Gifford Global Eq	20.9	98.9	99.5	28,505.4	4,090.4	196,623.0	32,595.8	229,218.9
Baillie Gifford UK Eq	4.1	100.0	100.0	6,386.4	1,922.9	202,224.0	8,309.3	210,533.3
Fidelity Bond Fund	4.9	73.8	81.6	779.7	370.0	99,476.5	1,149.7	100,626.2
Fidelity Equity Fund	30.2	96.3	98.4	30,762.4	10,008.3	754,351.1	40,770.7	795,121.7
LGIM Buy and Maintain	4.9	79.8	78.6	7,058.3	1,355.1	119,105.2	8,413.4	127,518.6
LGIM Passive Equity	33.7	100.0	100.0	18,041.5	6,125.3	590,422.3	24,166.8	614,589.1

CARBON FOOTPRINT (tCO2e) / GBPm Invested

		Coverage %						
Manager	% of Portfolio	Number	Weight	Scope 1	Scope 2	Scope 3	Scope 1+2	Scope 1+2+3
Apollo Multi Credit	1.2	42.2	50.4	76.5	28.5	668.0	105.0	773.0
Baillie Gifford Global Eq	20.9	98.9	99.5	28.6	4.1	197.5	32.7	230.3
Baillie Gifford UK Eq	4.1	100.0	100.0	32.5	9.8	1,029.8	42.3	1,072.1
Fidelity Bond Fund	4.9	73.8	81.6	4.1	1.9	521.2	6.0	527.3
Fidelity Equity Fund	30.2	96.3	98.4	21.6	7.0	529.8	28.6	558.4
LGIM Buy and Maintain	4.9	79.8	78.6	38.8	7.4	653.9	46.2	700.1
LGIM Passive Equity	33.7	100.0	100.0	11.2	3.8	366.3	15.0	381.3

CARBON INTENSITY (tCO2e) / GBPm Revenue

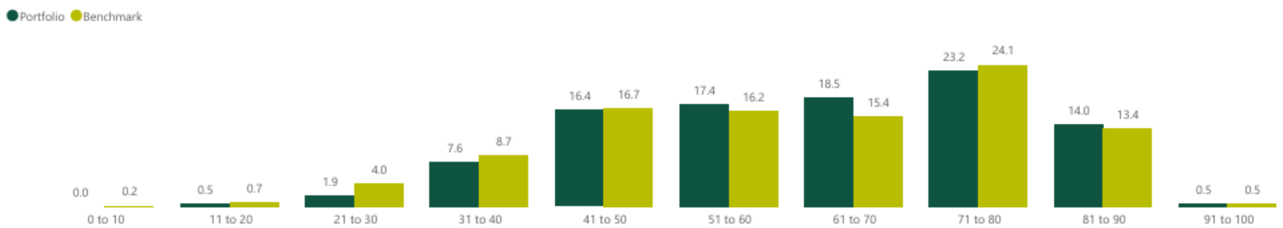
Manager	% of Portfolio	Coverage % Number	Coverage % Weight	Scope 1	Scope 2	Scope 3	Scope 1+2	Scope 1+2+3
Apollo Multi Credit	1.2	42.2	50.4	149.8	55.7	1,307.8	205.5	1,513.2
Baillie Gifford Global Eq	20.9	98.9	99.5	138.1	19.8	952.9	158.0	1,110.9
Baillie Gifford UK Eq	4.1	100.0	100.0	65.8	19.8	2,084.0	85.6	2,169.6
Fidelity Bond Fund	4.9	73.8	81.6	11.3	5.3	1,436.8	16.6	1,453.5
Fidelity Equity Fund	30.2	96.3	98.4	93.8	30.5	2,300.1	124.3	2,424.4
LGIM Buy and Maintain	4.9	79.8	78.6	106.7	20.5	1,800.1	127.2	1,927.2
LGIM Passive Equity	33.7	100.0	100.0	49.1	16.7	1,607.6	65.8	1,673.4

WEIGHTED AVERAGE CARBON INTENSITY (tCO2e) / GBPm Revenue

Manager	% of Portfolio	Coverage % Number	Coverage % Weight	Scope 1	Scope 2	Scope 3	Scope 1+2	Scope 1+2+3
Apollo Multi Credit	1.2	41.2	50.3	263.9	44.7	1,434.3	308.6	1,742.9
Baillie Gifford Global Eq	20.9	98.9	99.5	83.6	21.7	583.3	105.2	688.6
Baillie Gifford UK Eq	4.1	98.2	99.6	57.9	19.6	2,274.5	77.5	2,352.0
Fidelity Bond Fund	4.9	72.1	80.7	14.5	9.5	1,421.5	23.9	1,445.4
Fidelity Equity Fund	30.2	96.3	98.4	85.8	19.6	1,582.3	105.4	1,687.7
LGIM Buy and Maintain	4.9	79.9	78.3	104.2	25.9	1,585.4	130.0	1,715.4
LGIM Passive Equity	33.7	99.6	99.9	46.2	17.6	1,266.5	63.9	1,330.4

CARBON RISK RATING SUMMARY

RISK DISTRIBUTION %



- 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:

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 31st March 2009		Membership from 1st April 2009 to 31st March 2015		Membership from 1st 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
• 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 31/3/2025	Total at 31/3/2026
Active	19,232	19,809
Deferred / Undecided/ Frozen	20,207	20,709
Pensioners (Inc. dependents)	19,497	20,247
Total	58,936	60,765

PENSION ADMINISTRATION STRATEGY

The 2025/26 Pension Administration Strategy was approved by the Pension Committee following a full consultation with employers. The aim of the Pension Administration Strategy is to aid the delivery of high-quality pension administration for the members of the Fund on behalf of its participating employers. The underlying objectives are:

- To provide high-quality pension service delivery to members;
- Pension benefits are paid accurately and on time;
- Good working relationships between Tayside Pension Fund and its participating employers;
- Delivery of the LGPS requirements in line with the Scheme regulations;
- Compliance with the Codes of Practice put in place around service delivery and service standards.

The full document available for view on our website: https://www.taysidepensionfund.org/resources/pensions-administration-strategy-2025-26/

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 23rd March 2026 and subsequently published to the Fund website. The document can also be viewed at: https://www.taysidepensionfund.org/media/jtcccmkq/83-2026-communication-policy-230326.pdf

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 remained high throughout the year, and managing resources continues to present challenges, particularly in the context of ongoing recruitment and training requirements within the team. Work has continued to balance operational demands alongside wider project commitments.

The implementation of McCloud has progressed, with Business-as-Usual processes commencing from 1 November 2025 and rectification work now underway. This continues to require dedicated resource due to the complexity of the cases and the level of employer engagement required.

Progress on the Pensions Dashboard has continued, with in-house testing and successful connection to the central infrastructure achieved on 31 October 2026, representing a significant milestone ahead of staging.

During the year, two employers exited the scheme. In addition, a data breach relating to the issue of Annual Benefit Statements (ABS) occurred, which has been managed in line with established procedures.

A structural review of the team is currently underway, with a proposed structure being considered alongside a review of associated job descriptions to ensure the service is appropriately resourced and aligned to future needs.

Performance

The following provides summary of task volumes over the year to 31st March 2026 in comparison to the previous year:

Casework	Total number of cases open as at 31 March 2026	Total number of new cases created in the year	Total number of cases completed in year	Total % of cases completed in year	Total number of cases completed in previous year	Total % of cases completed in previous year
Deaths	19	696	696	97%	740	95%
New dependent member benefits	62	263	242	80%	261	86%
Retirements - Active & Deferred	126	1205	1229	91%	1374	90%
Deferred benefits	281	1156	1278	82%	881	69%

Transfers in	114	150	120	51%	143	63%
Transfers out	116	701	758	87%	621	78%
Refunds	402	379	370	47%	N/A	N/A
Divorce Quotes & Actual	13	49	54	81%	62	78%
Estimates	147	857	856	78%	869	86%
New joiner notifications	26	3629	3604	99%	3652	100%
Aggregation cases	2169	864	533	18%	N/A	N/A
Optants out received after 3 months membership	TAYSIDE UNABLE TO PROVIDE					

Tasks Measured	Case Volume 2024/25	Average Days to Process	Case Volume 2025/26	Average Days to Process
Clerical Tasks	5690	63.76	5825	190.00
Death Grant	151	43.14	118	37.53
Misc Payroll	3149	62.94	3442	26.38

Tayside Pension Fund uses workflow software to measure the time taken to process casework. Each process has a set number of target days for completion. The below table shows key processes measured against set target days.

Casework	Suggested fund target*	% completed within fund target in year	% completed in previous year
Communication issued with acknowledgement of death of active, deferred, pensioner and dependent member	60 Days	99.5%	N/A
Communication issued confirming the amount of dependents pension	60 Days	99.6%	N/A
Communication issued to member with pension and lump sum options	60 Days	86.8%	N/A
Communication issued to member with confirmation of pension and lump sum actual	60 Days	100%	N/A
Payment of lump sum (both actives and deferred)	TAYSIDE UNABLE TO PROVIDE DATA		
Communication issued to scheme member with completion of transfer in	60 Days	94.2%	N/A
Communication issued to scheme member with completion of transfer out	90 Days	98%	N/A
Payment of refund	TAYSIDE UNABLE TO PROVIDE DATA		
Divorce	90 Days	94.4%	N/A
Communication issued following actual divorce proceedings i.e application of a Pension Sharing Order	TAYSIDE UNABLE TO PROVIDE DATA		
Communication issued to new starters	60 Days	99.6%	N/A
Estimates	60 Days	72.1%	N/A

Key Performance Indicators 2025/26	Target	Actual
Benefits statements issued by 31 August 2025	100%	100%
Contributions received within statutory deadline	100%	93%
Monthly pensioner payrolls paid on time	100%	100%
Pensions increase processed with April pension	100%	100%
P60 documents issued in March	100%	100%

2025/26 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 10 instances of payment after the 19th recorded. These employers were contacted in relation to the late payments, and this issue was quickly addressed.

- **Annual Benefit Statements**

Annual Benefit statements were published in August 2025 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 9% of members opted for this.

- **Annual Allowance**

Annual allowance statements are issued annually, prior to the 6th of October. The annual allowance threshold increased to £60,000 in 2024, and 11 members received statements notifying them of excess.

- **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.

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

Tayside Pension Fund has made good progress during the year in implementing the McCloud remedy, focusing on employer data collection, member record updates, and the phased introduction of underpin calculations.

All required employer data has now been received, with only a small number of outstanding queries remaining. Significant effort has been directed towards data reconciliation to ensure member records are accurate and ready for underpin assessment.

From 1 November 2025, McCloud checks were successfully embedded into business-as-usual processes, ensuring all new calculations automatically include an underpin assessment. Retrospective casework commenced in December 2025 and has progressed steadily, prioritising cases where data is complete.

To date, 41 retrospective cases have been completed, including transfer-out assessments, retirement recalculations, and the issue of benefit options where underpins apply.

The Fund reported to The Pensions Regulator in August 2025 and remains on track to deliver its implementation plan, including issuing Annual Benefit Statements with McCloud adjustments by 31 August 2026.

- **Pension Dashboards**

Heywood are providing the Integrated Service Provider (ISP) for Tayside Pension Fund connecting to the Pensions Dashboard. Testing has been ongoing with a particular focus on refining member matching criteria to ensure accurate identification of members within the Dashboard ecosystem.

Additional Voluntary Contribution (AVC) data will also be included within the Dashboard. Data has been obtained from both Prudential and Standard Life and has been reconciled to support testing and ensure data accuracy.

The Department for Work and Pensions (DWP) set staged connection deadlines for schemes. For Local Government Pension Schemes, the connection deadline was October 2025. Tayside Pension Fund successfully met this requirement, completing its connection to the Pensions Dashboard architecture.

As a result, when the Pensions Dashboard service is launched, members will be able to access the platform and search for information relating to their pension benefits held within the Fund.

The DWP, alongside the Money and Pensions Service (MaPS) and the Pensions Dashboards Programme (PDP), is progressing a phased testing approach. Phase 1 focused on low-volume testing and has been undertaken to ensure that the service is operating broadly as expected and to identify any critical or severe issues requiring resolution. Phase 2 will involve high-volume testing and is expected to commence once the findings from Phase 1 have been fully reviewed and addressed.

- **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 2025, 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 2025.

- **Employer Communications**

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

- Admin Strategy and Team Update
- McCloud
- I-Connect
- MSS
- Dashboard
- Forms
- Website

- **I-Connect and Member Self Service**

  I-Connect

All employers are required to submit monthly electronic data returns via i-Connect no later than the 19th of the month following the reporting period. These submissions are monitored. The table below summarises the submissions received by due date during 2025/26.

Percentage of employers who submitted monthly data on time during the reporting year	60.59%

Member Self Service

The transition between Member Self-Service (MSS) system was completed during the year. At the point of cessation, the previous system had 19,446 registered members. The new system was successfully implemented, with 7,865 members currently registered, and engagement is expected to continue to grow. The below table provides details on the position as at the 31st March 2026.

Engagement with online portals	Percentage as at 31 March 2026
% of active members registered	20% *
% of deferred member registered	14% *
% of pensioner and survivor members	5% *
% total of all scheme members registered for self-service	13% *
Average Age of registered user	52.7
% of all registered users that have logged onto the service in the last 12 months	13% *

*Tayside Pension Fund moved to a new online portal in October 2025

- **Data Quality**

The Pensions Regulator (TPR) expects schemes to maintain complete and accurate member data as part of an effective system of governance, supported by appropriate internal controls and ongoing monitoring.

TPR has set targets for common data of:

• 100% accuracy for data created after June 2010; and
• 95% accuracy for data created before that date.

While these benchmarks are still widely used as indicators of good practice, TPR's General Code takes a principles-based approach, focusing on ensuring that data is accurate, complete and fit for purpose.

TPR requires schemes to:

- Monitor data on an ongoing basis to ensure it remains accurate and complete
- Review data at least annually, or more frequently where appropriate
- Identify and address material errors and gaps
- Maintain and implement data improvement plans where required

TPR also provides guidance on scheme-specific data but has not set prescriptive targets as this should be agreed at Scheme level. The Pensions Regulator provides the following definitions:

• Common Data are basic items which are used to identify scheme members, including surname, sex, national insurance number, postcode, date of birth, etc.
• Scheme Specific (Conditional) Data are items relating to the member's pension, including employer name, salary records, service history, contributions history, etc.

All pension funds are required to make an annual scheme return to TPR which includes summary figures for core data tests passed. Results for the data quality tests for those members in scope are summarised below.

Common data score	97.30%
Scheme specific data score	95.63%
Percentage of active, deferred and pensioner members recorded as 'gone away' with no home address held, or address is known to be out of date	3%
Percentage of active, deferred and pensioner members with an email address held on file	52.60%

- **Communication**

During the year, the Fund continued to experience a high volume of member engagement across its communication channels. A total of 11,145 telephone calls were received, alongside 21,450 enquiries via email and online channels. This reflects continued demand for support and information, with digital channels accounting for the majority of interactions.

Communication	
Total number of telephone calls received in year	11,145
Total number of email and online channel queries received	21,450

- **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 Pension 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.

- **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 2025/26 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 1.7% revaluation with effect from 1 April 2025.

- **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 1.7% increase with effect from 6 April 2025. The increase was applied to member benefits with effect from 8th April 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 2025, the SPPA amended the guidance to reflect the above and this became effective from 1 April 2025.

- **Staffing**

During 2025/26, a number of appointments were made to strengthen operational capacity. Pension Assistant and Assistant IT/Systems Process Analysis roles were successfully filled, with staff commencing in May 2025. Clerical Assistant positions were recruited for with multiple recruitment exercises in these roles throughout the year, addressing vacancies arising from staff turnover and internal progression.

To maintain service delivery, temporary internal measures have been implemented, including acting-up arrangements to provide cover for long-term absence and maternity leave.

The Financial Services Manager retired in November 2025. An interim arrangement was put in place and is being reviewed as part of the ongoing staffing structure assessment.

A comprehensive review of the Fund's staffing structure and resourcing is progressing. This work is focused on ensuring the Fund's operating model remains aligned with evolving operational, governance, and regulatory requirements.

The table below provides details of administration staff resource for the 2025/26 period. In addition to the administration staff there is a Financial Services Manager and 2 Investment staff who have shared responsibility between the fund and Dundee City Council.

Total number of all administration staff (FTE)	25.6
Average service length of all administration staff	6.68
Staff vacancy rate as %	24%
Ratio of all administration staff to total number of scheme members (all staff including management)	2,124
Ratio of administration staff (excluding management) to total number of scheme members	2,373

- **IDPR and Complaints received**

Complaints and disputes received during 2025/26	Received	Upheld	Rejected
Formal recorded complaints received	12	12	0
Formal disputes received (stage 1)	6	2	4
Formal disputes received (stage 2)	2	1	1
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.

- **Consultations**

Consultation on changes to the LGPS Regulations

On 2 September 2025, the Policy Officer at the Scottish Public Pensions Agency (SPPA), emailed administering authorities to announce the launch of a consultation on proposed changes to the LGPS regulations.

The consultation includes proposals in relation to:
• death grants
• the gender pensions gap
• opt-outs
• forfeiture
• McCloud
• small pot payments
• lifetime allowance abolition
• refunds
• retained EU Law 4
• Neonatal Care Leave
• concurrent membership aggregation
• the right to use AVCs to buy added pension.

Legislation Update

During 2025/26 the following legislation came into effect:

Instrument	Title	Topic	Link
SI2025- 264	The Guaranteed Minimum Pensions Increase Order 2025	Increases value of GMPs within system 3% increase applied.	The Guaranteed Minimum Pensions Increase Order 2025
SI2025- 343	The Pension Increase Review Order 2025	Pensions in payment and deferment is indexed annually based on the annual change in Consumer Price Index (CPI) as at the previous September. 1.7% increase was applied.	The Pensions Increase (Review) Order 2025
SI2025- 288	The Social Security (Contributions) (Limits and Thresholds, National Insurance Fund Payments and Extension of Veterans Relief) Regulations 2025	For employer action – relates to national insurance thresholds	The Social Security (Contributions) (Rates, Limits and Thresholds Amendments, National Insurance Funds Payments and Extension of Veteran's Relief) Regulations 2025
SI2025- 252	The Public Service Pensions Revaluation Order 2025	Order provided for a 1.7% increase to be applied to CARE benefits	The Public Service Pensions Revaluation Order 2025
SI2025- 255	The Social Security Revaluation of Earnings Factors Order 2025	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 2025
SI2025-348	The Employment Rights (Increase of Limits) Order 2025	Increases the limits (maximum or minimum) applying to certain awards of Employment Tribunals and other amounts payable under employment legislation, as	The Employment Rights (Increase of Limits) Order 2025

		specified in the Schedule to the Order.	
Circular 3/2025	Flexible retirement	To clarify employer duties when making discretionary decisions on whether to allow flexible retirement under The Local Government Pension Scheme (Scotland) Regulations 2018	202503.pdf
Circular 4/2025	Increase to the normal minimum pension age	Notify employers and members of impending changes to the normal minimum pension age from 6 April 2028.	202504.pdf
Circular 1/2026	Ill Health Retirement and IDRP guidance 2026	Updates to the Ill-Health Retirement and Internal Dispute Resolution Procedure guidance	Circular 2026-01
Circular 2/2026	Tiered contributions rate guidance for 2026	For employer action – relates to employee contribution rates to be applied w.e.f. 01/04/2026	202602.pdf
Circular 3/2025	PI Review and revaluation order	Notification of the increase to pensions with effect from 06/04/2026 and of the annual revaluation rate to be applied to CARE pensions. Rate to be applied is 3.8%	202603.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 2026 were as follows:

Scheduled Bodies (11)

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

Admitted Bodies (27)

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

Tayside Pension Fund
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.

Money Helper

120 Holborn

London

EC1N 2TD

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

Moneyhelper 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

Mail Handling Site A

Wolverhampton

WV98 1AF

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

Telcom House

125 – 135 Preston House

Brighton

BN1 6AF

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.

REPORT NO: 217-2026

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AUDIT SCOTLAND

Dundee City Council Pension Sub-Committee

29 September 2026

Audit of Tayside Pension Fund 2024/25 annual report and accounts

Independent Auditor's Report

1. My audit work on the 2025/26 annual accounts is now substantially complete. Subject to the satisfactory conclusion of the outstanding matters referred to later in this letter and receipt of a revised set of annual accounts for final review, I anticipate being able to issue unmodified audit opinions in the Independent Auditor's Report on 29 September 2026. The proposed Independent Auditor's Report is attached at Appendix A.

Annual Audit Report

2. Under International Standards on Auditing in the UK (ISA (UK)), I am required to report specific matters identified from the audit of the annual accounts to those charged with governance of Tayside Pension Fund in sufficient time to enable appropriate action. For Tayside Pension Fund, those charged with governance is Pension Sub-Committee. I present for the committee's consideration my draft Annual Audit Report on the 2025/26 audit. The section headed "Significant findings and key audit matters" sets out the issues identified in respect of the annual accounts, including those that I am required to report to you.

3. The Annual Audit Report also sets out conclusions on the wider scope areas that frame public audit as set out in the Code of Audit Practice.

4. The Annual Audit Report will be issued in final form after the audit of the annual accounts has been completed.

Uncorrected misstatements

5. I also report to those charged with governance all uncorrected misstatements in the annual accounts which I have identified during the course of my audit, other than those of a trivial nature, and request that these misstatements be corrected.

6. There are no uncorrected misstatements to report.

Other ISA (UK) matters

7. In presenting this letter and the Annual Audit Report to the Pension Sub-Committee, I seek confirmation from those charged with governance on the following matters:

- if they are aware of any instances of actual, suspected, or alleged fraud,
- if they are aware of any subsequent events that have occurred since the date of the financial statements,
- if they are content that the methods, assumptions, and data used in making accounting estimates in the annual accounts are appropriate,
- if all related party relationships and transactions they are aware of are reflected in the annual accounts, and
- if they are aware of any non-compliance with laws and regulations.

8. Any issues that I have identified from my audit in relation to other ISA (UK) matters that I am required to report to those charged with governance have been reported in the section headed "Other matters to report" in the Annual Audit Report.

Representations from the Section 95 Officer

9. As part of the completion of the audit, I am seeking written representations from the Executive Director of Corporate Services who is the Section 95 Officer, on aspects of the annual accounts, including the judgements and estimates made.

10. A draft letter of representations is attached at Appendix B. This should be signed and returned to me by the Section 95 Officer with the signed annual accounts prior to the Independent Auditor's Report being signed.

Appendix A: Proposed 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 2026 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 2025/26 (the 2025/26 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 2026 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 2025/26 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 15th April 2026. My period of appointment is two years, covering 2025/26 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 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 am required by the Accounts Commission to report to you if, in my opinion:

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

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.

John Boyd FCPFA
Audit Director

Audit Scotland
4th Floor
The Athenaeum Building
8 Nelson Mandela Place
Glasgow
G2 1BT

Appendix B: Letter of Representations (ISA (UK) 580)

[the Section 95 Officer should reproduce this on the audited body's letterhead]

John Boyd

Audit Scotland
4th Floor
The Athenaeum Building
8 Nelson Mandela Place
Glasgow
G2 1BT

Dear John,

Tayside Pension Fund

Annual report and accounts 2025/26

1. This representation letter is provided in connection with your audit of the annual report and accounts of Tayside Pension Fund, for the year ended 31 March 2026 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view and have been properly prepared, and for expressing other opinions on the Management Commentary, Annual Governance Statement and Governance Compliance Statement.

2. I confirm to the best of my knowledge and belief, and having made such enquiries as I considered necessary, the following representations given to you in connection with your audit of Tayside Pension Fund's annual report and accounts for the year ended 31 March 2026.

General

3. I have fulfilled my responsibilities for the preparation of the 2025/26 annual report and accounts as set out in your 2025/26 Annual Audit Plan. All the accounting records, documentation, and other matters which I am aware are relevant to the preparation of the annual report and accounts have been made available to you for the purposes of your audit. All transactions undertaken by Tayside Pension Fund have been recorded in the accounting records and are properly reflected in the financial statements.

4. I confirm that the effects of uncorrected misstatements are immaterial, individually and in aggregate, to the financial statements as a whole. As you have reported, there are no uncorrected misstatements.

Financial Reporting Framework

5. The annual report and accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2025/26 (2025/26 Code), and the requirements of the Local Government (Scotland) Act 1973, the Local

Government in Scotland Act 2003, and the Local Authority Accounts (Scotland) Regulations 2014.

6. In accordance with the Local Authority Accounts (Scotland) Regulations 2014, I have ensured that the financial statements give a true and fair view of the financial position of Tayside Pension Fund at 31 March 2026 and the transactions for 2025/26.

Accounting Policies and Estimates

7. All material accounting policies applied are as shown in the note included in the financial statements. The accounting policies are determined by the 2025/26 Code, where applicable. Where the 2025/26 Code does not specifically apply, I have used judgement in developing and applying an accounting policy that results in information that is relevant and reliable. All accounting policies applied are appropriate to Tayside Pension Fund's circumstances and have been consistently applied.

8. The methodology, significant assumptions, and data used in making accounting estimates are reasonable, and have been properly reflected and disclosed in the financial statements in accordance with the 2025/26 Code. Judgements made in making estimates have been based on the latest available and reliable information. Estimates have been revised where there are changes in the circumstances on which the original estimate was based or as a result of new information or experience.

Going Concern Basis of Accounting

9. I have assessed Tayside Pension Fund's ability to continue to use the going concern basis of accounting and have concluded that it is appropriate. I am not aware of any material uncertainties that may cast significant doubt on Tayside Pension Fund's ability to continue to adopt the going concern basis of accounting.

Contributions – Pension Strain

10. All contributions due to the fund have been properly identified and accounted for. In particular the 'strain on the fund' costs have been properly recharged to relevant services and bodies.

Assets

11. All assets at 31 March 2026 of which I am aware have been reported in the financial statements.

Investments

12. For the year ended 31 March 2026, the amounts included in the net assets statement reflect investments managed externally by appointed fund managers and the global custodian on behalf of the fund. Amounts have been calculated in accordance with approved bases of valuation and fairly represent the values at 31 March 2026. In making these assertions I am reliant on the opinions of the appointed fund managers. As far as we can reasonably ascertain, all assets are free from any lien, encumbrance or charge except as disclosed in the financial statements.

Banking and Cash Flow Arrangements

13. The pension fund maintains a separate bank account and while these accounts form part of Dundee City Council’s treasury management arrangements, the pension fund can demonstrate that there is no borrowing from the administering authority. Amounts due to the administering authority to cover daily cash flows such as payments through the council’s systems are reimbursed on a regular basis.

Other Current Assets

14. On realisation in the ordinary course of the Fund's business, the other current assets in the Net Assets Statement are expected, in my opinion, to produce at least the amounts at which they are stated. In particular adequate provision has, in my opinion, been made against all amounts owing which are known or may be expected to be irrecoverable.

Actuarial Assumptions

15. The pension assumptions made by the actuary in the IAS26 report as at 31 March 2026 have been reviewed and I confirm that they are consistent with management's own view.

Liabilities

16. All liabilities at 31 March 2026 of which I am aware have been reported in the financial statements.

Provisions

17. There are no provisions included in the financial statements of the Tayside Pension Fund for 2025/26.

Commitments

18. There are no significant commitments or obligations including financial guarantees and offers of financial support which might adversely affect the fund.

Carrying Value of Assets and Liabilities

19. The assets and liabilities have been recognised, measured, presented and disclosed in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2025/26. There are no plans or intentions that are likely to affect the carrying value of classification of the assets and liabilities within the financial statements.

Contingent Liabilities/assets

20. There are no significant contingent liabilities or contingent assets, other than those disclosed in Note 18 to the financial statements, arising either under formal agreement or through formal undertakings requiring disclosure in the financial statements. All known contingent liabilities have been fully and properly disclosed in accordance with IAS 37, as adopted by the 2025/26 Code.

Litigation and Claims

21. All known actual or possible legal claims have been disclosed to you and have been accounted for and disclosed in the financial statements in accordance with the 2025/26 Code.

Fraud

22. I understand my responsibilities for the design, implementation, and maintenance of internal control to prevent fraud and I believe I have appropriately fulfilled those responsibilities.

23. I have provided you with all information in relation to:

- my assessment of the risk that the financial statements may be materially misstated as a result of fraud,
- any allegations of fraud or suspected fraud affecting the financial statements, and
- fraud or suspected fraud that I am aware of involving management, employees who have a significant role in internal control, or others that could have a material effect on the financial statements.

Laws and Regulations

24. I have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.

Related Party Transactions

25. All material transactions with related parties have been appropriately accounted for and disclosed in the financial statements in accordance with IAS 24, as adopted by the 2025/26 Code. I have made available to you the identity of all of Tayside Pension Fund's related parties and all the related party transactions of which I am aware.

Management Commentary

26. I confirm that the Management Commentary has been prepared in accordance with statutory guidance, and the information is consistent with the financial statements.

Corporate Governance

27. I confirm Tayside Pension Fund has undertaken a review of the system of internal control during 2025/26 to establish the extent to which it complies with proper practices set out in *Delivering Good Governance in Local Government: Framework 2016*. I have disclosed to you all deficiencies in internal control identified from this review or of which I am otherwise aware.

28. I confirm that the Annual Governance Statement has been prepared in accordance with the *Delivering Good Governance in Local Government: Framework*

2016 and the information is consistent with the financial statements. There have been no changes in the corporate governance arrangements, or issues identified, since 31 March 2026 which require to be reflected in the Annual Governance Statement or annual accounts.

Events Subsequent to the Date of the Net Assets Statement

29. All events subsequent to 31 March 2026 for which IAS 10, as adopted by the 2025/26 Code, requires adjustment or disclosure have been adjusted or disclosed.

Other Matters

30. Except as disclosed in the financial statements, the results for the period were not materially affected by:

- (i) transactions of a sort not usually undertaken by Tayside Pension Fund;
- (ii) circumstances of an exceptional or non-recurrent nature;
- (iii) charges or credits relating to prior periods; and
- (iv) any change in the basis of accounting.

Yours sincerely

Paul Thomson
Executive Director of Corporate Services, Dundee City Council

Tayside Pension Fund

2025/26 Annual Audit Report - DRAFT

Prepared for Tayside Pension Fund and the Controller of Audit
September 2026

Contents

Accessibility

You can find out more and read this report using assistive technology on our website www.audit.scot/accessibility.

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Summary of audit opinions and conclusions

Audit of the annual accounts

1 All audit opinions stated that the annual accounts were free from material misstatement.

2 There was one significant finding to report. We identified that one level three fund manager does not have an independent control review of their valuation processes.

Wider scope and Best Value audit

3 Tayside Pension Fund has effective and appropriate arrangements in place for Financial Sustainability and Use of Resources to Improve Outcomes.

4 Tayside Pension Fund has limited capacity and capability within the Pension Fund team.

5 Governance arrangements will be enhanced by implementation of actions recommended in the Hymans Robertson report.

6 Tayside Pension Fund has effective and appropriate arrangements in place for securing Best Value.

Introduction

Purpose of the Annual Audit Report

1. The purpose of this Annual Audit Report is to report the significant matters identified from the 2025/26 audit of Tayside Pension Funds' annual accounts and the wider scope areas specified in the Code of Audit Practice (2021).

2. The Annual Audit Report is addressed to Tayside Pension Fund , hereafter referred to as 'the body' and the Controller of Audit, and will be published on Audit Scotland's website in due course.

Appointed auditor and independence

3. John Boyd, of Audit Scotland, has been appointed as external auditor of the body for the period from 2025/26 until 2026/27. John Boyd as engagement lead and the audit team are independent of the body in accordance with relevant ethical requirements, including the Financial Reporting Council's Ethical Standard. There have been no developments since the issue of the Annual Audit Plan that impact on the continued independence of the engagement lead or the rest of the audit team from the body, including no provision of non-audit services.

Acknowledgements

4. We would like to thank the body and its staff, particularly those involved in preparation of the annual accounts, for their cooperation and assistance during the audit. We look forward to working together constructively over the remainder of the five-year audit appointment.

Audit scope, responsibilities, and fee

Scope of the audit

5. The audit is performed in accordance with the Code of Audit Practice, including supplementary guidance, International Standards on Auditing (ISA) (UK), and relevant legislation. These set out the requirements for the scope of the audit which includes:

- An audit of the financial statements and an opinion on whether they give a true and fair view and are free from material misstatement.
- An opinion on statutory other information published with the financial statements in the annual accounts, namely the Management Commentary and Annual Governance Statement.
- An opinion on the audited part of the Remuneration Report.
- Conclusions on the body's arrangements in relation to the wider scope areas: Financial Management; Financial Sustainability; Vision, Leadership and Governance; and Use of Resources to Improve Outcomes.
- Reporting on the body's arrangements for securing Best Value.
- Provision of this Annual Audit Report.

Responsibilities and reporting

6. The Code of Audit Practice sets out the respective responsibilities of the body and the auditor. A summary of the key responsibilities is outlined below.

Auditor's responsibilities

7. The responsibilities of auditors in the public sector are established in the Local Government (Scotland) Act 1973. These include providing an independent opinion on the financial statements and other information reported within the annual accounts, and concluding on the body's arrangements in place for the wider scope areas and Best Value.

8. The matters reported in the Annual Audit Report are only those that have been identified by the audit team during normal audit work and may not be all that exist. Communicating these does not absolve the body from its responsibilities outlined below.

9. The Annual Audit Report includes an agreed action plan at Appendix 1 setting out specific recommendations to address matters identified and includes details of the responsible officer and dates for implementation.

The Pension Fund's responsibilities

10. The Pension Fund has primary responsibility for ensuring proper financial stewardship of public funds, compliance with relevant legislation and establishing effective arrangements for governance, propriety, and regularity that enables it to successfully deliver its objectives. The features of proper financial stewardship include:

- Establishing arrangements to ensure the proper conduct of its affairs.
- Preparation of annual accounts, comprising financial statements for the Pension Fund that gives a true and fair view and other specified information.
- Establishing arrangements for the prevention and detection of fraud, error and irregularities, and bribery and corruption.
- Implementing arrangements to ensure its financial position is soundly based.
- Making arrangements to secure Best Value.
- Establishing an internal audit function.

Audit Fee

11. The audit fee for the 2025/26 audit was reported in the Annual Audit Plan and was set at £37,210. There have been no developments that impact on planned audit work required, therefore the audit fee reported in the Annual Audit Plan remains unchanged.

National performance audit reporting

12. The Auditor General for Scotland and the Accounts Commission regularly publish performance audit reports. These cover a range of matters, many of which may be of interest to the Pension Fund and Pension sub-committee. Details of national and performance audit reports published over the last year can be seen in Appendix 2.

Audit of the annual accounts

Main judgements

All audit opinions stated that the annual accounts were free from material misstatement.

There was one significant finding to report. Our work on level three fund managers identified one manager who does not have an independent control review of their valuation processes.

Audit opinions on the annual accounts

13. The Pension Fund's annual accounts were approved by Pension sub-committee on 28 September 2026 and certified by the appointed auditor on 28 September 2026. The Independent Auditor's Report is included in the body's annual accounts, and this reports that, in the appointed auditor's opinion, these were free from material misstatement.

Audit timetable

14. The unaudited annual accounts were received on 30 June 2026 in accordance with the agreed audit timetable. However, no working papers were received until 21 July 2026, and a complete set of working papers was not available this lead to a constricted timetable to complete the audit. The delay in receiving the working papers was due to resourcing challenges at the Pension Fund. See recommendation 1 in Appendix 1.

Materiality

15. The concept of materiality is applied by auditors in planning and performing an audit, and in evaluating the effect of any uncorrected misstatements on the financial statements or other information reported in the annual accounts.

16. Broadly, the concept of materiality is to determine whether misstatements identified during the audit could reasonably be expected to influence the decisions of users of the annual accounts. Auditors set a monetary threshold when determining materiality, although some issues may be considered material by their nature. Therefore, materiality is ultimately a matter of the auditor's professional judgement.

17. Materiality levels for the audit of the Pension Fund were determined at the risk assessment phase of the audit and were reported in the Annual Audit Plan, which also reported the judgements made in determining materiality levels. These were reassessed on receipt of the unaudited annual accounts. Materiality levels were updated and these can be seen in Exhibit 1.

Exhibit 1
2025/26 Materiality levels for the body

Materiality	
Materiality – set at 2% of Net Assets	£123 million
Performance materiality – set at 65% of materiality. As outlined in the Annual Audit Plan, this acts as a trigger point. If the aggregate of misstatements identified during the audit exceeds performance materiality, this could indicate further audit procedures are required.	£80 million
Reporting threshold – set at 2% of materiality.	£6 million

Source: Audit Scotland

Significant findings and key audit matters

18. ISA (UK) 260 requires auditors to communicate significant findings from the audit to those charged with governance, which for the body is the Pension sub-committee.

19. The Code of Audit Practice also requires public sector auditors to communicate key audit matters. These are the matters that, in the auditor's professional judgement, are of most significance to the audit of the financial statements and require most attention when performing the audit.

20. In determining key audit matters, auditors consider:

- Areas of higher or significant risk of material misstatement.
- Areas where significant judgement is required, including accounting estimates that are subject to a high degree of estimation uncertainty.
- Significant events or transactions that occurred during the year.

Qualitative aspects of accounting practices

21. ISA (UK) 260 also requires auditors to communicate their view about qualitative aspects of the body's accounting practices, including accounting policies, accounting estimates, and disclosures in the financial statements.

Accounting policies

22. The appropriateness of accounting policies adopted by the body was assessed as part of the audit. These were considered to be appropriate to the circumstances of the body, and there were no significant departures from the accounting policies set out in the Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

Accounting estimates

23. Accounting estimates are used in number of areas in the Pension Fund's financial statements, including the valuation of Level 2 and 3 investments and the valuation of the pension liability. Audit work considered the process management of the Pension Fund has in place around making accounting estimates, including the assumptions and data used in making the estimates, and the use of any management experts. Audit work concluded:

- There were no issues with the selection or application of methods, assumptions, and data used to make the accounting estimates, and these were considered to be reasonable.

- There was no evidence of management bias in making the accounting estimates.

24. Details of the audit work performed and the outcome of the work on accounting estimates that gave rise to significant risks of material misstatement are outlined in Exhibit 3, (page 11).

Disclosures in the financial statements

25. The adequacy of disclosures in the financial statements was assessed as part of the audit. The quality of disclosures was adequate, with additional levels of detail provided for disclosures around areas of greater sensitivity, such as financial instruments and valuation of the pension liability.

Other matters to report

26. Auditing standards require auditors to report a number of other matters if they are identified or encountered during an audit. The matters identified or encountered on the audit of the body are outlined in Exhibit 2.

Exhibit 2
Other matters to report

Auditing standard requirement	Matter to report	Outcome
Significant deficiencies in internal control ISA (UK) 265 requires auditors to report any significant deficiencies in internal control identified during the audit.	Our work on level three fund managers identified one manager who does not have an independent control review of their valuation processes.	We have recommended that the Pension Fund should review the arrangements in place for obtaining assurances around the operating effectiveness of controls in place at Fund Managers. The value of the Fund was less than our materiality level. See recommendation 2 in Appendix 1.

Source: Audit Scotland

Significant matters discussed with management

27. All significant matters identified during the audit and discussed with the body's management have been reported in the Annual Audit Report.

Audit adjustments

28. There were immaterial errors in note 13 to the accounts in relation to the opening balances of level three investments and movements in year but these were considered material to the accounts and did not impact on the primary statements. No other audit adjustments were required to the financial statements greater than the reporting threshold of £6 million.

Significant risks of material misstatement identified in the Annual Audit Plan

29. Audit work has been performed in response to the significant risks of material misstatement identified in the Annual Audit Plan. The outcome of audit work performed is summarised in Exhibit 3. In addition to the significant risks of material misstatement identified in the Annual Audit Plan, a further significant risk of material misstatement was subsequently identified, and this is also included in Exhibit 3.

Exhibit 3
Significant risks of material misstatement to the financial statements

Risk of material misstatement	Planned audit response	Outcome of audit work
Fraud caused by management override of controls Management is in a unique position to perpetrate fraud because of management's ability to override controls that otherwise appear to be operating effectively.	The audit team will: • Evaluate the design and implementation of controls over journal entry processing. • Make inquiries of individuals involved in the financial reporting process about inappropriate or unusual activity relating to the processing of journal entries. • Test journals entries, focusing on those that are assessed as higher risk, such as those affecting revenue and expenditure recognition around the year-end. • Evaluate significant transactions outside the normal course of business. • Assess the adequacy of controls in place for identifying and disclosing related party relationships and transactions in the financial statements. • Assess changes to the methods and underlying assumptions used to prepare accounting estimates and assess these for evidence of management bias	Audit work performed found: • The design and implementation of controls over journal processing were appropriate. • No inappropriate or unusual activity relating to the processing of journal entries was identified from discussions with individuals involved in financial reporting. • No significant issues were identified from testing of journal entries. • No significant issues were identified from transactions outside the normal course of business. • The controls in place for identifying and disclosing relating party relationships and transactions were adequate. • No significant issues were identified with changes to methods and underlying assumptions used to prepare accounting estimates and there was no evidence of management basis. Conclusion: no evidence of fraud caused by management override of controls.
Estimation of level three investment assets	The audit team will: • Evaluate the design and implementation of controls	Audit work performed found: • The design and control of level three investment fund

Risk of material misstatement	Planned audit response	Outcome of audit work
The Pension Fund held £1,120 million of level three investments at 31 March 2026 (£627 million as at 31 March 2025), where valuations involve the application of a variety of estimates in determining appropriate valuations. This subjectivity gives rise to a significant risk of material misstatement in the financial statements.	over the valuation of level three investments. • Evaluate the competence, capabilities, and objectivity of the investment manager. • Obtain an understanding of the management's involvement in the valuation process to assess if appropriate oversight has occurred. • Agree year-end valuations to valuation reports, or equivalent, prepared by investment managers. • Review the appropriateness of the key data and assumptions used by management for the valuation of level three investments, and challenge these where required. • Perform substantive analytical procedures on level three investments, using forecasts and market movements, to determine the reasonableness of valuations at the year-end. • Review investment managers' controls reports to identify if there are any issues that impact on the planned audit procedures.	manager valuations were appropriate in all but one instance. One fund manager has no independent review of their valuation process. Although our work with this fund manager did not identify any issue in their process, it presents an assurance gap for the pension fund. We recommend management engage with this fund manager to resolve this. • The investment managers have sufficient competence, capability, and objectivity to perform their work. • Management oversight of fund manager control reports could be improved. The current process does not document a conclusion on the reports including potential impact to the pension fund. Bridging letters should be actively sought by management where report dates do not match year end. • Year-end valuations agreed to valuation reports. • Fund managers provided an overview of their valuation processes and assumptions. These were deemed to be appropriate for the type of investment being valued. • Substantive analytical procedures on level three investments found year-

Risk of material misstatement	Planned audit response	Outcome of audit work
		end valuations were reasonable. • Review of investment managers' controls reports did not identify any significant issues that impacted on the planned audit procedures. For the one fund manager noted above which did not have a control report covering valuation, we were able to perform sufficient other procedures to assure ourselves over the reasonableness of their process. **Conclusion**: the valuation of level three investments is not materially misstated. Management should ensure they have appropriate assurance around the controls in operation at fund managers managing and valuing investments on their behalf.

Source: Audit Scotland

Valuation of the pension liability

30. We completed specific work on the disclosure of the actuarial valuation of the Pension Fund liabilities. This involves a complex actuarial estimate. The Pension Fund engages an independent actuary to support the estimation. The valuation is based on a range of financial and demographic estimations about the future, based on a well-established methodology. The subjectivity around these estimates gives rise to a presentational risk of material misstatement.

31. We are satisfied that the actuarial valuation of defined benefit pension scheme obligations has been appropriately disclosed in the accounts in accordance with IAS (International Accounting Standard) 26: Accounting and Reporting by Retirement Benefit Plans. We reviewed the arrangements and controls in place at the Pension Fund, including the use of an actuarial expert to arrive at the valuation. We have reviewed the completeness and accuracy of the data provided to the actuary as well as the reasonableness of the underlying assumptions applied. Based on the findings of the audit procedures performed, there are no matters which we need to bring to your attention.

Valuation of Level 2 investments

32. We completed specific work on Level 2 investments. Within the 2025/26 financial statements, £1,997 million of investments were categorised as Level 2 investments.

33. We assessed the design of controls over Level 2 investments and identified no issues. We agreed Level 2 investment balances at 31 March 2026 to year-end valuations in independently sourced fund manager valuation reports and custodian reports and completed sample testing. No issues were identified from this work. We also reviewed controls assurance reports, with no issues noted. We are satisfied that the valuation of Level 2 investments is not materially misstated.

Prior year recommendations

34. The Pension Fund has made limited progress in implementing the agreed prior year audit recommendations. For actions not yet implemented, revised responses and timescales have been agreed with the body and are outlined in Appendix 1.

Wider scope and Best Value audit

Conclusion

The Pension Fund has effective and appropriate arrangements in place for Financial Sustainability, and Use of Resources to Improve Outcomes.

The Pension Fund's financial management arrangements could be enhanced through ensuring there is greater oversight of Fund Manager controls to ensure the fund has adequate assurance over the arrangements in place over the management of investments.

The Pension Fund should continue to make progress in implementing the actions recommended in the Hymans Robertson report to enhance Financial Management and Governance arrangements.

The body has effective and appropriate arrangements in place for securing Best Value.

Audit approach to wider scope and Best Value

Wider scope

35. As reported in the Annual Audit Plan, the wider scope audit areas are:

- Financial Management.
- Financial Sustainability.
- Vision, Leadership and Governance.
- Use of Resources to Improve Outcomes.

36. Audit work is performed on these four areas and a conclusion on the effectiveness and appropriateness of arrangements the body has in place for each of these is reported in this chapter.

Best Value

37. The body is a pension fund that is administered by Dundee City Council. As pension funds are not local authorities or separate bodies that fall within section 106 of the Local Government (Scotland) Act 1973, the statutory responsibility for securing Best Value for pension funds lies with the administering local authority, Dundee City Council.

38. Therefore, consideration of the arrangements the body has put in place to secure Best Value has been carried out as part of the Dundee City Council audit, and a conclusion on the arrangements and any matters relating to the body are reported in this chapter.

Wider scope and Best Value risks

39. As reported in our Annual Audit Plan, no risks in the wider scope areas or Best Value were identified from the risk assessment process.

Conclusions on wider scope audit

Financial Management and Sustainability

40. The audit work performed on financial management and sustainability arrangements identified that the Pension Fund has seen an increase in investment assets and reporting of financial performance is effective. We have no concerns over arrangements for financial sustainability. However, we have concluded that there is limited capacity in the Pension Fund team ~~which resulted in late working papers to support the Unaudited Accounts~~.

Investment assets increased by £594 million in year, with net assets £6.16 billion at year end.

41. The fund's performance in 2025/26 is summarised in Exhibit 4. This shows that the net assets of the fund increased from £5.566 billion at 31 March 2025 to £6.160 billion at 31 March 2025. This £0.594 billion (10.7%) increase in net assets was mainly attributable to an increase in equities (£0.270 billion), and an increase in equity funds (£0.195 billion) during the year.

42. The Pension Fund delivered a return on investment of 12.1% (3.25% in 2024/25), compared with a benchmark return of 13.5 % (5.5% in 2024/25), resulting in underperformance against benchmark of 1.4%. While overall returns were strong, relative performance was adversely affected by weaker returns from some equity mandates, although this was partly offset by positive performance elsewhere in the portfolio.

Exhibit 4
Assets, funding level and investment performance

Increase in net assets	Funding level	Investment performance
£6.160 billion Net assets as at 31 March 2026 (+10.7%)	**110%** At 31 March 2023 (based on the 2023 triennial valuation)	**12.1%** Return on investments 2025/26 (against a benchmark of 13.5%)
£5.566 billion Net assets as at 31 March 2025	**109%** At 31 March 2020 (based on 2020 triennial valuation)	**3.25%** Return on investments 2024/25 (against a benchmark of 5.2%)

Source: Tayside Pension Fund 2025/26 Annual Report and Accounts

43. When considering the overall investment performance of the fund during 2025/26, it is important to recognise the impact of world events on financial markets and investments. There continues to be a challenging global backdrop, with world events having an impact on financial markets and investments.

The 2023 triennial valuation resulted in a funding level of 110%

44. There is a statutory requirement for local government pension funds to undertake a full actuarial valuation of assets and liabilities every three years. The most recent triennial funding valuation took place across Local Government Pension Scheme funds in 2023/24 based on data as at 31 March 2023. The main purpose of the valuation is to review the financial position of each fund and to set appropriate contribution rates for each employer for the upcoming three-year period as part of the fund's overall funding strategy.

45. The results of the 2023 triennial valuation of the Pension Fund showed a funding level of 110%. This meant that overall, the Pension Fund had a surplus of assets over liabilities and that the fund assets were higher than projected liabilities. The employers' contribution rate for the Council Pool was 15.7% for the three-year period 2024/25 to 2026/27.

46. The next triennial valuation will take place during 2026/27 based on data as at 31 March 2026. The results of this are expected in early 2027.

47. The fund continued to make progress towards diversifying the portfolio in 2025/26.In addition to the progress noted below in Exhibit 5, the Pension Fund continued to implement the revised Investment Strategy approved in December 2024. During the year, asset transitions and portfolio rebalancing were undertaken to align the portfolio with the revised asset allocation. The first full year of the Pension Fund's private markets and credit mandates also supported further diversification of the portfolio.

48. During 2025/26, the Pension Fund completed a review of its equity portfolio which resulted in changes to investment mandates and benchmarks. This included the transition of passive equity holdings to the Future World Global Equity Index Fund and the termination of the Baillie Gifford Positive Change mandate.

Exhibit 5

Asset distribution of the fund's investment portfolio over time

Asset class	Asset allocation					Variance from target at 31 March 2026 (%)
	Target (%)	31 March 2023 (%)	31 March 2024 (%)	31 March 2025 (%)	31 March 2026 (%)	
Equities	65.0	73.4	72.8	67.4	70.2	+5.2
Bonds, Gilts	13.0	15.9	13.1	13.1	12.7	-0.3
Property	12.0	10.5	9.4	12.4	10.4	-1.6
Alternatives	10.0	0.2	4.7	7.1	6.7	-3.3

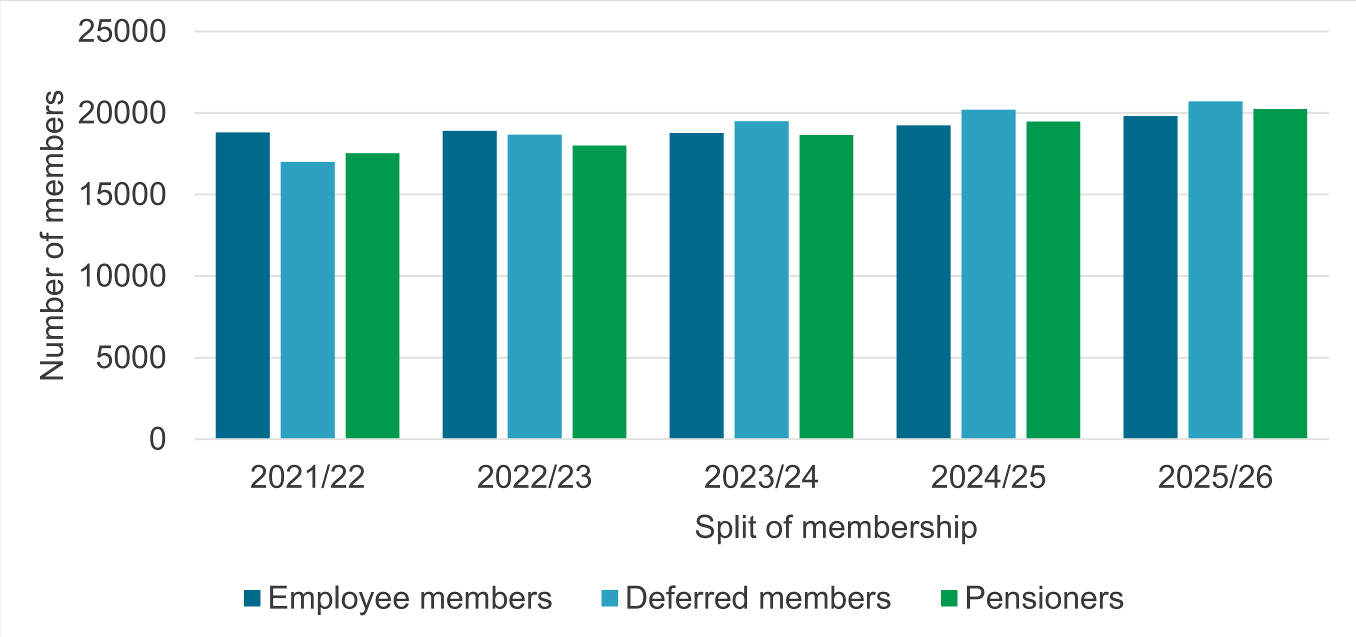
Source: Tayside Pension Fund Annual Report and Accounts 2022/23 to 2025/26.

Whilst the number of active members has increased in recent years, the ratio of active members to pensioners has steadily reduced.

49. The Pension Fund is a multi-employer fund with 38 employers at 31 March 2026 comprising 11 scheduled bodies (including Dundee City, Angus and Perth & Kinross Councils) and 27 admitted bodies. Two small admitted bodies left the fund in the year.

50. Overall membership increased by 1,829 in year (2024/25: +2,031), with an increase of active members (contributing) members of 577 (2024/25: +467), this was lower than the increase of 750 pensioner members (2024/25: +852). There was also an increase of deferred/frozen members of 502 (2024/25: + 712). The current membership profile is shown at Exhibit 6.

Exhibit 6
Tayside Pension Fund membership profile 2025/26



Source:

51. The Pension Fund gives its members a guarantee that in exchange for contributions during their employment, the fund will pay a pension until the end of each member's life. It is important that the fund maintains the capacity to meet the current and future needs of its members.

52. The number of active members is less than the number of pensioners and the number of deferred/frozen members for the second year. The ratio of active to pensioner members has reduced over the past five years. In 2025/26 the number of pensioners receiving a pension from the fund increased by 750 to 20,247 and the number of pensioner members continues to increase steadily each year, increasing by over 15% over the last five years. In 2021/22 the ratio of active members to pensioners was 1.07:1 in 2021/22 this has reduced to 0.98:1 in 2025/26. This, combined with increasing life expectancy over this period, continues to place additional pressure on the fund. However, we do not believe this presents any immediate risk to the financial sustainability of the fund.

The Pension Fund reported a deficit from dealings with members of £59.8 million for 2025/26.

53. The Pension Fund reported a deficit from dealings with members of £59.8 million in 2025/26 (£94.8 million in 2024/25 and £28.8 million in 2023/24). This means that pension payments exceeded member contributions and investment income was used to ensure pensions were paid.

54. The cash flow from dealing directly with members and employers contributions continues to be negative, as has been the case over the last number of years. The value of benefits paid out exceeds contributions from active members and employers. It is expected this negative cash flow in relation to members and employers will continue going forward.

55. The investment income generated by the Pension Fund has ensured, as in previous years, that there are sufficient cash flows to manage all required payments. The current investment strategic allocation is appropriate for delivering the required levels of investment income. This should be subject to close monitoring, particularly with the relative growth in pensioner numbers compared to active members.

We currently have no concerns about the financial sustainability of the Pension Fund or the viability of the funding strategy

56. The triennial valuation showed that the Pension Fund was 110 per cent funded at 31 March 2023 and the healthy net asset position at 31 March 2026, we currently have no concerns about the financial sustainability of the Pension Fund or the viability of the funding strategy.

There is limited capacity in the team at the Pension Fund

57. Issues were identified with the capacity and knowledge of the team at the Pension Fund. The lack of capacity in the team resulted in delays in providing working papers to support the annual accounts which impacted on the time and resources required to perform the audit.

58. The Pension Fund commissioned Hymans Robertson to review its staffing structure and identify where improvements could be made to enable the Pension Fund to meet its operational requirements more efficiently and effectively. Hymans Robertson identified three themes with a number of recommended actions. The three themes requiring attention were:

- recruitment, resourcing and filling vacancies
- revising the operational structure
- effective operational oversight and governance.

59. Hymans Robertson report concluded that the Pension Fund is delivering a good service to both members and employers and was meeting its core legislative requirements, but there are several areas that could be improved upon. In particular, increasing the capacity and capability of the team.

Recommendation 1

The Pension Fund should look to increase the capacity and capability of the team as a priority and continue to implement the actions recommended in the Hymans Robertson review.

Internal Audit has given a satisfactory on the Pension Fund's governance, risk management and control framework for 2025/26

60. The Pension Fund's internal audit function is carried out by PwC under the Crown Commercial Service Framework for the provision of a full internal audit service to fulfil the service requirements of annual audits.. They have now completed their 2025/26 audit work and presented their Annual Audit Report to the June 2026 Pension Sub-Committee. This provided a satisfactory opinion on the Pension Fund's governance, risk management and control framework for 2025/26.

Standards of conduct and arrangements for the prevention and detection of fraud and error were appropriate

61. In the public sector there are specific fraud risks, including those relating to pension claimants and other claims made by individuals and organisations. Public sector bodies are responsible for implementing effective systems of internal control, including internal audit, which safeguard public assets and prevent and detect fraud, error and irregularities, bribery, and corruption. The Pension Fund follows the policies and procedures of the administering authority and has adequate arrangements in place to prevent and detect fraud or other irregularities. We note that the Pension Fund participates in fraud prevention and detection activities, including the National Fraud Initiative (NFI).

Vision, Leadership and Governance

62. The audit work performed on the arrangements the body has in place around its Vision, Leadership and Governance found that these were generally effective and appropriate. This judgement is evidenced by the body:

- the fund conducts its business in an open and transparent manner
- having clear financial and performance reporting in place, both internally and externally, that is linked to its Investment Strategy, and effective scrutiny and challenge of performance provided by Dundee City Council Pension Fund Sub-committee.

The Pension Fund should continue to implement the actions recommended by Hymans Robertson to improve governance and operational oversight

63. The Hymans Robertson report recommended a number of actions to improve governance and operational oversight at the Pension Fund, including regularly reviewing and updating the risk register and ensuring all required policies are created and uploaded to the website. A number of the actions included within the report related to the need to increase the capacity and capability of the Pension Fund team. See recommendation 1.

64. As part of our audit we also noted that the Pension Fund do not have a Conflicts of Interest Policy. The Conflicts of Interest Policy specifically gives advice to Pension Fund Committee members on areas where there is potential conflict including personal financial interests, relationships with providers (e.g. fund managers, actuary) and gifts and hospitality. This was also recommended in the Hymans Robertson report. The Pension Fund should continue to implement the actions from the report, see recommendation 1.

The Pension Fund has appropriate arrangements in place to support good governance and scrutiny of decision-making.

65. The Pension Fund's overall governance arrangements are set out in the Annual Governance Statement and Governance Compliance Statement included in the annual report and accounts. The responsibilities of the Executive Director of Corporate Services, the Pension Sub-Committee and the Pension Board are set out in the Statement of Investment Principles which is also included within the annual report and accounts.

66. Dundee City Council is the administering authority for Tayside Pension Fund. The Council has delegated the responsibility for governance to the Pension Sub-Committee of the City Governance Committee. This Sub-Committee, supported by the Pension Board, is responsible for establishing arrangements that ensure the proper conduct of the affairs of Tayside Pension Fund. It is also responsible for ensuring that decisions are made within the terms of the Local Government Pension Scheme.

67. The main functions of the fund are the management of investments and the 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 and Public Service Pensions Act 2013.

68. All meetings of the Pension Sub-Committee and Pension Board continued to be held remotely via Microsoft Teams throughout 2025/26. However, we have not noted any adverse impact on the level of scrutiny at meetings due to these meetings being held remotely.

The Pension Fund conducts its business in an open and transparent manner

69. Openness and transparency means that the public, in particular members of the Pension Fund, have access to understandable, relevant and timely information about how decisions are being taken and how resources are being used.

70. Public sector governance guidance indicates that an organisation that is transparent shows the basis for its decisions and shares information about performance and outcomes, including when targets have and have not been achieved as well as how it is using its resources such as money, people and assets.

71. There is evidence from several sources which demonstrate the Pension Fund‘s commitment to transparency. For example, the Pension Sub-Committee and Pensions Board meetings can be observed remotely by the public via Teams or YouTube, and the minutes of all meetings are available on the administering authority's website. The Pension Fund's annual report and accounts are also available on the administering authority's website, along with investment and administration performance information, and key governance documents.

The management commentary in the 2025/26 annual report and accounts provided a fair, balanced and reasonable analysis of the organisation’s financial performance for the year.

72. In addition to the consistency opinion on the management commentary covered in Part 1 of this report, we also considered the qualitative aspects of the management commentary included in the annual report and accounts. The purpose of the management commentary is to provide information on the Pension Fund, its main objectives and strategies, and the principal risks that it faces. It must provide a fair, balanced and reasonable analysis of a body's performance and is essential in helping stakeholders understand the financial statements. We concluded that the management commentary in the 2025/26 annual report and accounts satisfied these requirements.

73. Progress has continued in responding to The Pensions Regulator's Single Code of Practice. Following the review commissioned from Isio Ltd in 2024/25, the Pension Fund continued to develop its governance arrangements during 2025/26 and monitor compliance with regulatory requirements. The Pension Board continued to oversee governance, risk management and regulatory developments throughout the year.

Use of Resources to Improve Outcomes

74. The audit work performed on the arrangements the Pension Fund has in place around its Use of Resources to Improve Outcomes found that these were effective and appropriate. This judgement is evidenced by the Pension Fund:

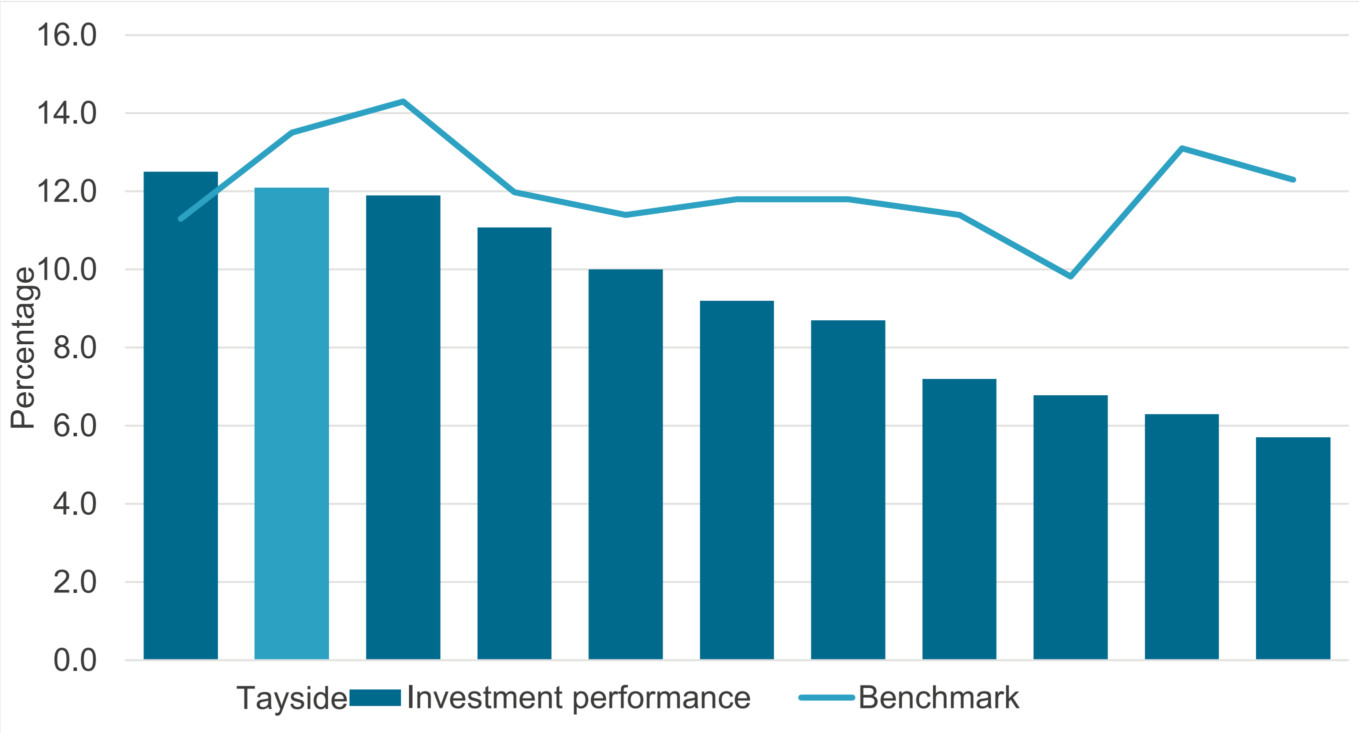
- having arrangements in place to benchmark its performance to identify areas of improvement.
- being able to demonstrate improvements in performance against benchmarks and relative to other comparable organisations.
- having comprehensive reporting of the Pension Fund’s administration and investment performance.

In 2025/26, all eleven Scottish LGPS reported absolute increases in pension fund assets during the year, with one fund reporting an above benchmark return.

75. As shown in Exhibit 7, all eleven funds Scottish LGPS reported positive movements in net assets during the year, with only one fund reporting an above benchmark return. Investment performance ranged from 12.5% to 5.7% (compared to returns ranging from 4.0% to -0.7% in 2024/25). Benchmarks spread from 14.3% to 9.8%. The Pension Fund's absolute return of 12.1% (against a benchmark return of 13.5%) was the second best performing Scottish fund in 2025/26.

Exhibit 7

Investment performance against benchmark for Scottish Local Government Pension Funds 2025/26



Source: Scottish LGPS unaudited annual accounts 2025/26

Investment performance increased in year, but is below the benchmark set for the year

76. Investment manager performance for each portfolio is reported on a quarterly basis to the Pension Sub-Committee. The Fund's external investment advisor attends the meetings in an advisory capacity, when required. The external investment advisor also provides an annual report to the Pension Sub-Committee each March covering the performance of each portfolio, and the full fund, for the previous calendar year.

77. The performance summaries presented to each meeting of the Sub-Committee include details of performance of individual portfolios against benchmark for each quarter of the current year, and over the last three and five years. This allows members of the Sub-Committee to scrutinise investment performance and to question officers on the reasons for any under-performance.

78. The Pension Fund has appointed nine external investment managers with 11 associated funds. Overall assets increased by £594 million in 2025/26 (2024/25: £72 million) and the 12.1% absolute increase was above the 3.25% absolute increase in investment performance achieved in 2024/25. All associated funds delivered an absolute positive return in year, but only three of these have delivered a relative positive return (against benchmark), with the remainder underperforming against benchmark.

79. There continues to be a challenging global backdrop, with world events having an impact on financial markets and investments. Geopolitical tensions increased in the last quarter of 2025/26 and is likely to continue to impact financial markets during 2026/27.

The Pension Fund completed its preparation for the pension dashboard by its October 2025 deadline

80. Following the introduction of automatic enrolment and an increase in the number of people saving for retirement, it can be harder to keep track of pension information especially for those who have worked across different employers. The UK Government introduced pension dashboards to improve the way people can see and interact with their pensions, through the Pensions Dashboards Regulations 2022. Pensions dashboards are an online communications service intended to be used by individuals to access information about their pensions securely, and all in one place.

81. As a pension provider, the Pension Fund is legally required to connect to the Pensions Dashboard Ecosystem. During 2025/26, the fund successfully connected to the Pensions Dashboard and is currently working with system providers on testing. The UK wide dashboard system is expected to be to be launched by the Money and Pensions Service (MaPS) in 2027/28 to support the public in accessing pension information in one place.

Conclusions on Best Value

82. Overall, Dundee City Council, as administering authority, has generally effective and appropriate arrangements in place for securing Best Value. The outcome of audit work on the administering authority's Best Value arrangements is reported in the Council annual audit report. This includes a summary of the work on the best value thematic work on asset management, and work on the fairness and equality duty. There are no findings directly applicable to the Pension Fund.

Appendix 1: Action plan 2025/26

2025/26 recommendations

Matter giving rise to recommendation	Recommendation	Agreed action, officer and timing
1.**Capacity in the Pension Fund team** Through our audit work we found there were capacity challenges in the Pension Fund team to support the delivery of the audit. While we were able to complete the audit process we note limited progress in prior year management actions or implementation of recommendations raised by an independent review by Hymans Robertson of the funds arrangements. **Risk - There is a risk that the Pension Fund will have insufficient staff capacity to complete statutory requirements and meet deadlines.**	The Pension Fund should review its operating arrangements to ensure that it has sufficient capacity to meet its operating requirements as well as implement recommended changes to address risks or implement improvements.	Following conclusion of the review of the Pension Fund undertaken by Hymans Robertson, officers agreed an action plan to address the recommendations, with an initial priority focus on strengthening capacity within the team. Progress has been made in implementing this plan: a number of posts have been successfully filled, recruitment is ongoing for the remaining vacancies, and proposed job descriptions and grades for new posts have progressed through the Council's internal governance arrangements. **Responsible officer:** Head of Corporate Finance **Agreed date:** June 2027

Matter giving rise to recommendation	Recommendation	Agreed action, officer and timing
2. **Fund manager independent review of valuation** Our work on level three fund managers identified one manager who does not have an independent control review of their valuation processes. In addition, our wider testing identified there was limited evaluation and review of fund manager controls assurance reports at the council and confirmation around the adequacy and effectiveness of the controls in place at the fund manager in manging the fund’s investments. **Risk- There is a risk that there is insufficient oversight of controls in place over pension fund investments, specifically the arrangements in place at fund managers appointed to manage investments on the fund’s behalf.**	The Pension Fund should review the arrangements in place for obtaining assurances around the operating effectiveness of controls in place at Fund Managers. This may include obtaining and reviewing controls assurance reports.	Agreed. The Pension Fund agrees to review the arrangements in place. **Responsible officer:** Service Manager - Pension Services **Agreed date:** June 2027

Follow-up of prior year recommendations

Matter giving rise to recommendation	Recommendation, agreed action, officer and timing	Update
1. Investment asset values There are currently no reconciliations undertaken by management to assure themselves of the investment asset values within the accounts. The custodian, Northern Trust, completes reconciliations for four of the twelve mandates. This will allow management to understand any discrepancies and can make an informed decision of whether to adjust anything prior to the audit commencing. This would both improve management oversight. **Risk: the discrepancies between the fund manager and custodian reports are not fully known to management**	Management should undertake a reconciliation of investment asset values between the fund manager and custodian reports. This is currently only completed for 4 of the 12 mandates. **Accepted** A full investment asset value reconciliation will be completed in conjunction with the Fund custodian. **Responsible Officer:** Senior Banking and Investment Officer **Agreed date:** 30 June 2026	Work in progress The reconciliation of the fund manager to custodian was not completed as part of the 2025/26 accounts preparation process. Responsibility for the reconciliation work will transfer to the Service Manager - Pension Services following appointment to the post. **Responsible officer:** Service Manager - Pension Services **Agreed date:** June 2027

Matter giving rise to recommendation	Recommendation, agreed action, officer and timing	Update
2.Training needs assessment A training needs assessment for Pension Sub-committee and Pension Board members has not been completed in 2024/25 due to staff absences within the fund. **Risk: training needs of sub-committee members are not being met**	To ensure compliance with governance requirements and to support the effective oversight of the pension scheme, the training needs assessment process should be followed up and completed, to inform learning and development plans for members. **Accepted** Revised training needs analysis will be issued for mandatory completion, and the importance of attendance at training events will be reiterated to members of Pension Sub-Committee and Board. **Responsible officer:** Service Manager – Financial Services **Agreed date:** September 2025.	Work in progress Work in this area remains ongoing and forms part of the Fund's continuing operational requirements. **Responsible officer:** Service Manager - Pension Services **Agreed date:** June 2027

Matter giving rise to recommendation	Recommendation, agreed action, officer and timing	Update
3. Administrative staffing capacity The number of pension administration cases increased during 2023/24, and the average days taken to process these cases nearly doubled due to an increase in the level of complex cases. This was partly attributable to the impact of implementing the remedy to fix unlawful discrimination in public service pension schemes which is placing a significant additional administrative burden on the Fund. Risk: There is a risk that the Fund will have insufficient staff capacity to complete administrative activities in line with the relevant statutory requirements and deadlines in the future.	**Recommendation:** The fund should review its administrative staffing capacity to deal with the increased volume and complexity of pension administration cases, alongside implementing the remedy to fix unlawful discrimination in public service pension schemes. Consideration should be given to what contingency measures can be put in place to ensure that these activities are completed in line with the relevant statutory requirements and deadlines. **Work in progress** Hymans Robertson have been appointed to complete a review of the staffing position of the pension fund. This is due for completion in 2025/26. It is expected that following review that required actions will be undertaken before end of financial year. The review will cover all areas of pension fund management. **Responsible officer:** Executive Director Corporate Services **Agreed Date:** 31 March 2026	**Complete** The actions associated with this recommendation have been completed, with an agreed plan now in place as set out under Recommendation 1 for 2025/26.

Matter giving rise to recommendation	Recommendation, agreed action, officer and timing	Update
4. Ad hoc payments reconciliation A year end reconciliation of ad hoc payments between the Altair pension system and the general ledger should be carried out to ensure completeness and accuracy of these payments.	**Work in progress** The reconciliations have been undertaken, however they are not fully implemented. Work continues within the Pension Administration team to deliver an accurate reconciliation **Responsible officer:** Senior Banking and Investment Officer **Agreed date:** 31 March 2026	**Work in progress** This reconciliation has not been fully completed due to staffing issues. Work in this area remains ongoing. **Responsible officer:** Service Manager - Pension Services **Agreed date:** March 2027

Appendix 2: National and performance audit reports

Report name	Date published
Local government budgets 2025/26	22 May 2025
NHS in Scotland: Spotlight on governance	28 May 2025
Delivering for the future: Responding to the workforce challenge	7 August 2025
Flooding in communities: Moving towards flood resilience	28 August 2025
Adult Disability Payment	18 September 2025
Scotland's colleges 2025	2 October 2025
Improving care experience: Delivering The Promise	8 October 2025
Local government performance: Spotlight on culture and leisure services	23 October 2025
Financial sustainability and taxes	13 November 2025
NHS in Scotland 2025: Finance and performance	4 December 2025
Delayed discharges: A symptom of the challenges facing health and social care	8 January 2026
Community health and social care: Performance 2025	8 January 2026
Administration of Scottish income tax 2024/25	16 January 2026
Local Government in Scotland: Financial bulletin 2024/25	29 January 2026
The Scottish Budget 2026/24: Supplement to the Financial bulletin 2024/25	12 February 2026
Integration Joint Boards: Finance bulletin 2024/25	26 February 2026
Annual Assurance and Risks Report: A review of 2024/25 local government audits in Scotland	12 March 2026

Tayside Pension Fund

2025/26 Annual Audit Report - DRAFT

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www.audit.scot

AS.5.0

City Chambers
DUNDEE
DD1 3BY

23rd September, 2026

TO: ALL MEMBERS OF THE PENSION SUB-COMMITTEE OF THE CITY GOVERNANCE COMMITTEE & PENSION BOARD

Dear Colleague

I refer to the agenda of business issued in relation to the meeting of the above Pension Sub-Committee of the City Governance Committee and Pension Board which is to be held remotely on Monday, 28th September, 2026 and now enclose the undernoted items of business which were not received at the time of issue.

Yours faithfully

GREGORY COLGAN

Chief Executive

AGENDA OF BUSINESS

The Sub-Committee may resolve under Section 50(A)(4) of the Local Government (Scotland) Act 1973 that the press and public be excluded from the meeting in order that the undernoted items of business may be considered in private on the grounds that they involve the likely disclosure of exempt information as defined in paragraphs 4, 6 and 11 of Part 1 of Schedule 7(A) of the Act.

9 TAYSIDE PENSION FUND INVESTMENT MONITORING REPORT

10 BAILLIE GIFFORD – DETAILED EQUITY MANDATE REVIEW

11 SCHRODERS / FGC –OPPORTUNISTIC MANDATE UPDATE

12 SCHRODERS PROPERTY MANDATE – UPDATE

City Chambers
DUNDEE
DD1 3BY

21st September, 2026

TO: ALL MEMBERS OF THE PENSION SUB-COMMITTEE OF THE CITY GOVERNANCE COMMITTEE & PENSION BOARD

Dear Colleague

You are requested to attend a JOINT MEETING of the **PENSION SUB-COMMITTEE OF THE CITY GOVERNANCE COMMITTEE & PENSION BOARD** to be held remotely on Monday, 28th September, 2026, at 12 noon.

Members of the Press or Public wishing to join the meeting should contact Committee Services by telephone (01382) 434211 or by email at committee.services@dundeecity.gov.uk by no later than 12 noon on Friday, 25th September 2026.

Yours faithfully

GREGORY COLGAN

Chief Executive

AGENDA OF BUSINESS

1. DECLARATION OF INTEREST

Members are reminded that, in terms of The Councillors Code, it is their responsibility to make decisions about whether to declare an interest in any item on this agenda and whether to take part in any discussions or voting.

This will include all interests, whether or not entered on your Register of Interests, which would reasonably be regarded as so significant that they are likely to prejudice your discussion or decision-making.

2. APOLOGIES

3. MINUTE OF PREVIOUS MEETING - Page 3

(Minute of the meeting of the Pension Investment Sub-Committee of 29th June 2026, copy attached).

4. TAYSIDE PENSION FUND RISK REGISTER - Page 7

(Report No 213-2026 by the Executive Director of Corporate Services, copy attached).

5. PENSION ADMINISTRATION PERFORMANCE – UPDATE TO 30 JUNE 2026 - Page 23

(Report No 214-2026 by the Executive Director of Corporate Services, copy attached).

6. TAYSIDE PENSION FUND ACCOUNTS 2025/26

(a) TAYSIDE PENSION FUND 2025/26 – ACCOUNTS AND AUDIT

(Report No 215-2026 by the Executive Director of Corporate Services, copy to follow).

(b) DRAFT AUDITED STATEMENT OF ACCOUNTS 2025/26

(Report No 216-2026 by the Executive Director of Corporate Services, copy to follow).

(c) EXTERNAL AUDITORS ANNUAL REPORT

(Report No 217-2026 by Audit Scotland copy to follow).

7. BREACHES OF LAW POLICY - Page 31

(Report No 219-2026 by the Executive Director of Corporate Services, copy attached).

8. ANNUAL TREASURY MANAGEMENT ACTIVITY 2025/26 - Page 43

(Report No 220-2026 by the Executive Director of Corporate Services, copy attached).

The Sub-Committee may resolve under Section 50(A)(4) of the Local Government (Scotland) Act 1973 that the press and public be excluded from the meeting in order that the undernoted items of business may be considered in private on the grounds that they involve the likely disclosure of exempt information as defined in paragraphs 4, 6 and 11 of Part 1 of Schedule 7(A) of the Act.

9. TAYSIDE PENSION FUND INVESTMENT MONITORING REPORT

10. BAILLIE GIFFORD – DETAILED EQUITY MANDATE REVIEW

11. SCHRODERS / FGC –OPPORTUNISTIC MANDATE UPDATE

12. SCHRODERS PROPERTY MANDATE - UPDATE

ITEM No …3……….

At a JOINT MEETING of the **PENSION SUB-COMMITTEE** of the **CITY GOVERNANCE COMMITTEE AND THE PENSION BOARD** held remotely on 29th June, 2026.

Present:-

PENSION SUB-COMMITTEE

BAILIES

Willie SAWERS	Kevin KEENAN

COUNCILLORS

Jimmy BLACK	Steven ROME Dorothy McHUGH	Michael CRICHTON

PENSION BOARD

Bill DUFF (Angus Council)	Stewart DONALDSON (Perth and Kinross Council)	Arthur NICOLL (UNISON)

Bailie Willie SAWERS, Convener in the Chair.

I APOLOGIES

The Sub-Committee and Board noted apologies had been received from Kenny Dick.

II DECLARATION OF INTEREST

No declarations of interest were made.

III MINUTE OF PREVIOUS MEETING

The minute of meeting of 23rd March, 2026 was submitted and approved.

IV TAYSIDE PENSION FUNDS RISK REGISTER

There was submitted Report No 158-2026 by the Executive Director of Corporate Services seeking approval for the Quarterly Risk Register for Tayside Pension Fund.

The Sub-Committee and Board:-

(i) approved the Quarterly Risk Register noting that since the last review five risks had considered to have changed;

(ii) noted further details of the latest assessments were detailed in the final column of the appendix to the report; and

(iii) noted that a review of the current risk register was underway and the outcome of which would be reported to members in due course.

V TAYSIDE PENSION FUND INTERNAL AUDIT REPORTS – GDPR, MCCLOUD AND DATA QUALITY

There was submitted Report No 159-2026 by the Executive Director of Corporate Services, submitting the Audit Reports prepared by the Fund's Internal Auditor, PricewaterhouseCoopers (PwC).

The Sub-Committee and Board:-

(i) noted the content of the report on the audit exercises undertaken, and approved the management responses.

VI TAYSIDE PENSION FUND INTERNAL AUDIT ANNUAL REPORT 2025/2026

There was submitted Report No 160-2026 by the Executive Director of Corporate Services submitting to the Sub-Committee and Board the Annual Audit Report for 2025/2026 prepared by the Fund's Internal Auditor, PricewaterhouseCoopers (PwC).

The Sub-Committee and Board:-

(i) noted the content of the annual report.

VII PENSION ADMINISTRATION PERFORMANCE - UPDATE TO 31ST MARCH, 2026

There was submitted Report No 161-2026 by the Executive Director of Corporate Services providing information on the recent quarter's operational performance in relation to Pension Administration and other general developments in this area over the period.

The Sub-Committee and Board:-

(i) noted the content of the report.

VIII STATEMENT OF INVESTMENT PRINCIPLES REVIEW

There was submitted Report No 162-2026 by the Executive Director of Corporate Services reviewing the Funding Strategy Statement for Tayside Pension Fund.

The Sub-Committee and Board:-

(i) noted the information within the report, noting the changes to benchmark in Appendix C to the report, effective from 1st December 2025; and

(ii) approved the Statements of Investment Principles contained in Appendix 1 to the report.

IX FUNDING STRATEGY STATEMENT

There was submitted Report No 163-2026 by the Executive Director of Corporate Services reviewing the Funding Strategy Statement for Tayside Pension Fund.

The Sub-Committee and Board:-

(i) approved the Funding Strategy Statement noting that it was required to be reviewed annually, and that no changes were required since the previous version issued in June 2025; and

(ii) noted that a more detailed review would take place later in the year, as detailed in section 5 – 2026 Actuarial Valuation of the report.

X TAYSIDE PENSION FUND ANNUAL GOVERNANCE AND GOVERNANCE COMPLIANCE STATEMENTS FOR THE YEAR TO 31ST MARCH 2026

There was submitted Report No 164-2026 by the Executive Director of Corporate Services presenting the Annual Governance Statement and Governance Compliance Statement for approval and inclusion into the unaudited Annual Accounts for the year ended 31st March, 2026. The report set out the governance arrangements of Tayside Pension Fund and the extent to which it complied with regulations.

The Sub-Committee and Board:-

(i) approved the Annual Governance and Governance Compliance Statements which were included as an Appendix to the report; and

(ii) instructed the inclusion of the statements in the Annual Accounts for the year to 31st March, 2026.

XI TAYSIDE PENSION FUND ANNUAL REPORT AND ACCOUNTS 2025/2026

The Sub-Committee and Board noted that due to a result of staff resource constraints, the Tayside Pension Fund Annual Report and Accounts 2025/2026 was unable to be submitted for consideration. It was proposed that a copy of the report would be submitted to members of the Sub-Committee and Board on 30th June, 2026, and that the report would be submitted to the auditors and published on the Tayside Pension Fund website in order to meet the required timescales for publication. It was also proposed that the Annual Report and Accounts be submitted to the September Sub-Committee and Board, where members would have the opportunity to scrutinise and ask questions of the accounts.

The Sub-Committee and Board:-

(i) agreed the proposal as detailed.

The Sub-Committee and Board resolved under Section 50(A)(4) of the Local Government (Scotland) Act 1973 that the press and public be excluded from the meeting for the undernoted items of business on the grounds that they involved the likely disclosure of exempt information as defined in paragraphs 4, 6 and 11 of Part I of Schedule 7A of the Act.

XII TAYSIDE PENSION FUND

(a) INVESTMENT MONITORING REPORT

There was submitted Report No 166-2026 by the Executive Director of Corporate Services reviewing investment performance of the Fund's Investment Managers for the quarter to 31st March, 2026. The report compared investment performance of the Fund with the Fund's specific benchmarks which consist of various stock and security market indices.

The Sub-Committee and Board:-

(i) noted the information contained therein with regard to the performance of the Tayside Main Fund and their Fund Managers.

(b) SECURITIES LENDING

There was submitted Report No 167-2026 by the Executive Director of Corporate Services reviewing the investment activities of Tayside Pension Fund's five Fund Managers for the quarter to 31st December, 2025 and summarising the transactions of each Fund Manager and showing the market values of the Pension Fund.

The Sub-Committee and Board:-

(i) noted the information contained therein with regard to the performance of the Tayside Main Fund and their Fund Managers.

XIII OPPORTUNISTIC MANDATE UPDATE

There was submitted Report No 169-2026 by the Executive Director of Corporate Services providing details of the outcome of the procurement process and confirming the appointment of an Investment Fund Manager to manage the opportunistic asset allocation for Tayside Pension Fund.

The Sub-Committee and Board:-

(i) confirmed the appointment of the Fund Manager and delegated the implementation of the report to Officers.

XIV FUND MANAGER PRESENTATION

Chris Lyons and John Daly from LGIM gave a short presentation to the Sub-Committee and Board.

After Mr Lyons and Mr Daly had given their presentation and answered questions from members, the Chair thanked the presenters on behalf of members of the Sub-Committee and Board.

Willie SAWERS, Chair.

ITEM No …4………..

REPORT TO: **PENSION SUB-COMMITTEE OF THE CITY GOVERNANCE COMMITTEE & PENSION BOARD – 28 SEPTEMBER 2026**

REPORT ON: **TAYSIDE PENSION FUND RISK REGISTER**

REPORT BY: **EXECUTIVE DIRECTOR OF CORPORATE SERVICES**

REPORT NO: **213-2026**

1 PURPOSE OF REPORT

The Sub-Committee is asked to approve the Quarterly Risk Register for Tayside Pension Fund.

2 RECOMMENDATIONS

The Sub-Committee is asked to:

- approve the Quarterly Risk Register noting that since the last review no risks have considered to have changed;
- note further details of the latest assessments are detailed in the final column of attached appendix;
- note that a review of the current risk register is underway and the outcome of this will be reported to members in due course.

3 FINANCIAL IMPLICATIONS

There are no financial implications arising from the agreed recommendations in this report.

4 INTRODUCTION

The Local Government Pension Scheme Management and Investment of Funds (Scotland) Regulations 2010 requires funds to state the extent to which they comply with guidance given by the Scottish Ministers.

The Scottish Ministers guidance refers to the six revised principles on investment decision making contained within CIPFA publication "Investment Decision Making and Disclosure in the Local Government Pension Scheme: A Guide to the Application of the Myners Principles" (December 2009).

Principle 3: Risk and Liabilities (paragraph 98) states that "The annual report of a pension fund should include an overall risk assessment in relation to each of the fund's activities and factors expected to have an impact on the financial and reputational health of each fund. This could be done by summarising the contents of a regularly updated risk register. An analysis of the risks should be reported periodically to the committee, together with necessary actions to mitigate risk and assessment of residual risk".

The current risk register has been updated and the outcome of this assessment including both their inherent and current risk assessment together with the specific control measures that are in place to manage these risks and level of risk appetite is included an appendix A.

It is noted that the existing risk register has in place for some time and a wider review of the register is currently being undertaken. This review will aim to remove any existing risks that may be considered as being duplicated with other areas and to ensure that it only includes the most relevant and focused strategic risks for Sub-Committee. This review will also ensure any emerging or new significant risks are captured, and a review of the existing risk appetite will also be completed. The outcome of this review will be reported to members in due course.

5 POLICY IMPLICATIONS

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

6 CONSULTATIONS

The Chief Executive and Head of Democratic and Legal Services have been consulted in the preparation of this report.

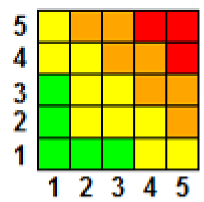
7 BACKGROUND PAPERS

None.

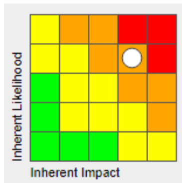
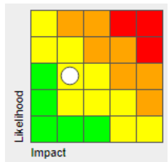
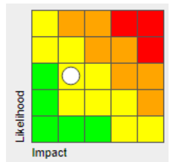
PAUL THOMSON
EXECUTIVE DIRECTOR OF CORPORATE SERVICES **21 SEPTEMBER 2026**

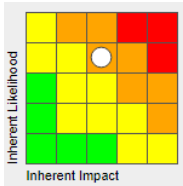
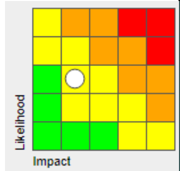
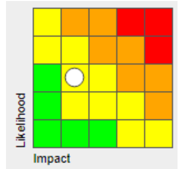
Quarterly Risk Report
Report Type: Tayside Pensions Fund Risks Report
Report Author: Executive Director of Corporate Services
Generated on: 18 June 2026

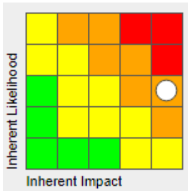
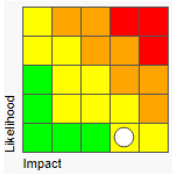
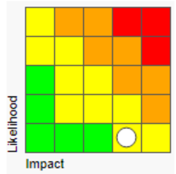
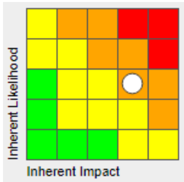
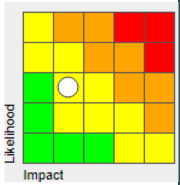
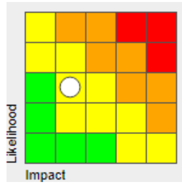
Pentana Risk Matrix

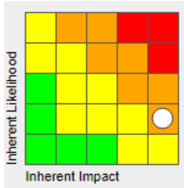
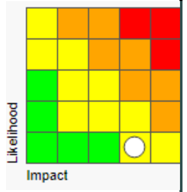
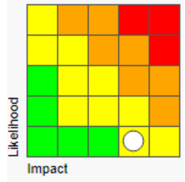
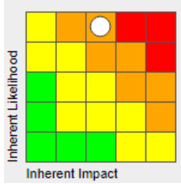
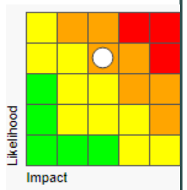
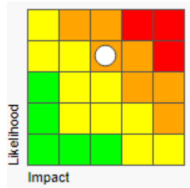


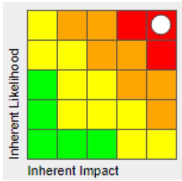
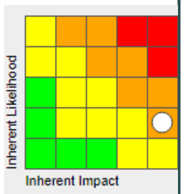
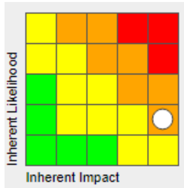
1 = Very Low
2 = Low
3 = Medium
4 = High
5 = Very High

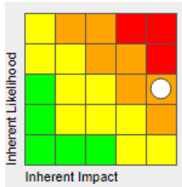
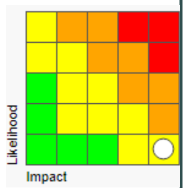
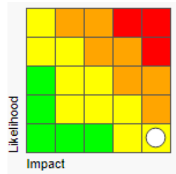
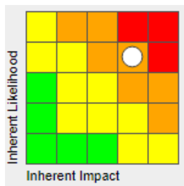
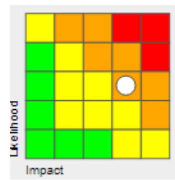
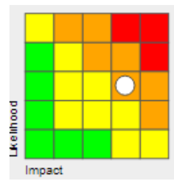
Risk Type & Title	Causes	Impact	Consequence	Inherent Risk	Controls	Residual Risk (Previous Quarter)	Residual Risk (Current)
Pension Administration (Risk appetite - minimalist) 1.Failure to process pension payments and lump sums on time	• Non-availability of pension / payroll systems • Resource unavailable • Failure to gain relevant information from employers to enable processing	• Processing delays • Processing errors • Retiring members will be paid late • Reputational risk for the Fund • Breach of statutory requirements	• Financial implications for members • Loss of stakeholder confidence • Financial cost to the Fund if interest has to be paid to members • Regulatory action		• Regular update & maintenance of Altair & Resourcelink • Standardised processes & independent review of calculations • Staff cover arrangements • Task prioritisation		 No change

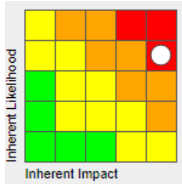
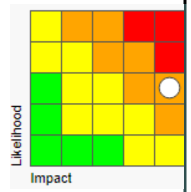
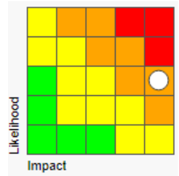
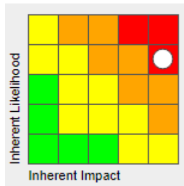
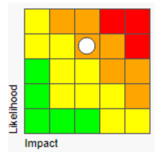
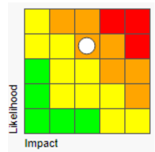
Risk Type & Title	Causes	Impact	Consequence	Inherent Risk	Controls	Residual Risk (Previous Quarter)	Residual Risk (Current)
Funding - Employer related (Risk appetite - cautious) 2.Failure to collect and account for contributions from employers and employees on time	• Non-availability of financial system (Fund and employer) • Resource unavailable • New staff undertaking duties • Failure to communicate with employers effectively • Failure of employer to provide required information • Failure of employer to make financial settlement	• Adverse audit opinion • Breach of statutory requirements • Knock on effect on reporting requirements • Financial impact as insufficient cashflow to meet monthly pension payments without unplanned sale of assets	• Requirement for report of regulatory breach & subsequent action if required • Potential delays to employers' IAS19 / FRS102 year-end accounting reports • Loss of stakeholder confidence • Recovery / legal action required • Opportunity cost of lost investment income		• Robust maintenance and update of Resourcelink and Authority Financials systems • Staff cover arrangements • Staff training and sample checking of work by supervisors • Ongoing employer communication to ensure they understand responsibilities to pay by required monthly deadline • Contribution tracker system • Introduction of employer contribution payment flexibility within financial year (subject to prior agreement)		 No change

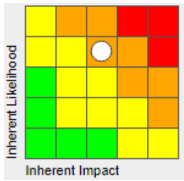
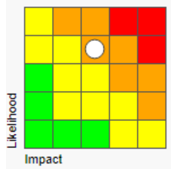
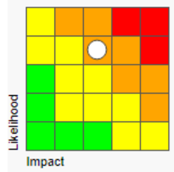
Risk Type & Title	Causes	Impact	Consequence	Inherent Risk	Controls	Residual Risk (Previous Quarter)	Residual Risk (Current)
Funding - Liquidity (Risk appetite - averse) 3.Insufficient funds to meet liabilities as they fall due	• Contribution levels are inadequate • Investment strategy fails to deliver adequate returns • Significant changes in member profile (i.e. rapid maturing of fund liabilities) • Significant increases in actuarial assumptions (i.e. inflation)	• Unplanned asset sales required • Revision of Funding and Investment strategies required	• Inability to meet overall strategic objectives • Immediate cash injections would be required from employers by means of contributions • Reduced funding levels • Lost investment income from unplanned asset sales • Transaction costs associated with changing strategies		• Funding Strategy Statement • Investment Strategy Statement • Ongoing advice from investment consultants, etc. • Suitable policies & strategies in place to prevent • Regular monitoring of asset / liability valuations • Triennial actuarial valuations		 No change
Operational (Risk appetite - minimalist) 4.Inability to maintain service due to loss of main office, computer system or staff	• Fire, bomb, flood, etc. • Staff unable to access office (i.e. public health restrictions) • IT system / network outage	• Temporary loss of service provision • Delayed payments & processing • Retiring staff will be paid late • Reputational risk for the Fund • Breach of statutory requirements	• Financial implications for members • Loss of stakeholder confidence • Financial cost to the Fund if interest has to be paid to members • Regulatory action		• DCC business continuity plan, including testing • Contractual agreement with system provider • Daily back up and contingent procedures • Back-up data located off-site • 100% staff remote working capabilities		 No change

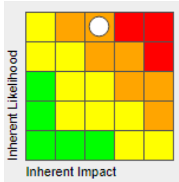
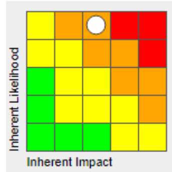
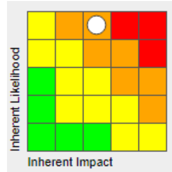
Risk Type & Title	Causes	Impact	Consequence	Inherent Risk	Controls	Residual Risk (Previous Quarter)	Residual Risk (Current)
Operational (Risk appetite - minimalist) 5.Loss of funds through fraud or misappropriation	• Fraud or misappropriation of funds by staff/employer/ 3rd party service provider	• Financial loss to the Fund • Reputational risk for the Fund • Adverse audit opinion • Breach of statutory requirements • Enforcement action	• Requirement for report to regulator & subsequent action if required • Criminal investigation • Loss of stakeholder confidence • Recovery / legal action required		• Internal and external audit regularly test that appropriate controls are in place and working effectively • Regulatory control reports from investment managers, custodian, etc are also reviewed by audit • Due diligence carried out when a new manager is appointed • Reliance also placed on Financial Conduct Authority registration & requirements		 No Change
Funding - Employer related (Risk appetite - cautious) 6.Employers unable to participate in scheme	• Employer liabilities increase disproportionately as a result of changed member profiling	• Employers unable to maintain contributions • Employers exit from Fund • Employer cannot meet	• Inability to meet overall strategic objectives • Financial loss to Fund, triggering asset sales to meet pension payments		• Full Actuarial Valuation undertaken every 3 years (employers advised of liability)		 No Change

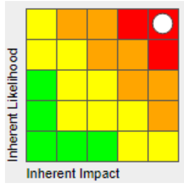
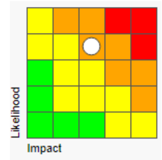
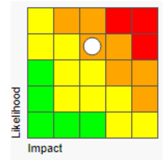
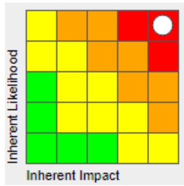
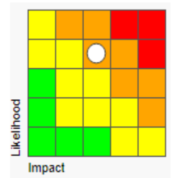
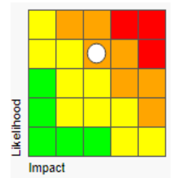
Risk Type & Title	Causes	Impact	Consequence	Inherent Risk	Controls	Residual Risk (Previous Quarter)	Residual Risk (Current)
	• Employer liabilities increase disproportionately as a result of external factors (i.e. change in bond yields) • Reduced asset values in relation to liabilities due to external factors	liabilities on exit	• Fund profile changed as a result of employer exit • Insolvency of employer • Recovery of liabilities in liquidation		• Funding Strategy enables exit at minimum risk • Independent covenant and financial settlement assessment on affordability • Employer contribution payment flexibility within financial year (subject to prior agreement) • Employer / fund communications policy and relationship management		
Funding - Investment (Risk appetite - open) 7.Significant rises in employer contributions due to poor/negative investment returns	• Poor economic conditions • Inappropriate investment strategy • Poor selection / performance of investment managers	• Financial impact as a result of poor/negative investment returns • Revision of investment strategy required • Dismissal of investment managers	• Inability to meet overall strategic objectives • Reduced funding level • Increased contributions required • Transaction costs on change of strategy or investment manager		• Performance & funding levels monitored on an ongoing quarterly basis • Investment & Funding strategies reviewed and assessed independently • Diversified range of investment		 No change

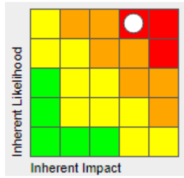
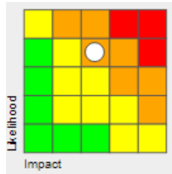
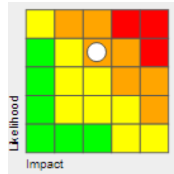
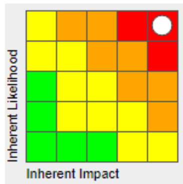
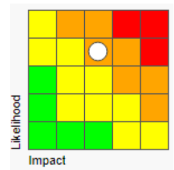
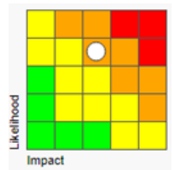
Risk Type & Title	Causes	Impact	Consequence	Inherent Risk	Controls	Residual Risk (Previous Quarter)	Residual Risk (Current)
					managers over different asset classes • 10% asset shock reserve		
Operational (Risk appetite - minimalist) 8.Failure of global custodian	• Financial collapse of global custodian or failure to safeguard assets or records	• Financial loss to the Fund • Loss of information required for statutory and accounting purpose	• Inability to meet overall strategic objectives • Severe service disruption because of recovery action • Statutory breaches		• Legal agreement with custodian • Credit rating monitored on an ongoing basis • Regulated by Financial Conduct Authority • Assets not on custodian balance sheet		 No Change
Funding - Investment (Risk appetite - open) 9.Failure of Investment Manager	• Substantial decline of global financial market • Economic factors impacting on asset class • Under performance of investment manager	• Financial loss to the Fund • Reduced asset returns • Investment outflows from investment manager portfolio • Termination of mandate with investment manager	• Inability to meet overall strategic objectives • Reduced funding level • Increased employer contribution levels • Required appointment of alternative investment manager • Transaction costs associated with change		• Performance monitored on an ongoing quarterly basis • Diversified range of asset classes • Advice provided by Investment Consultant		 No Change

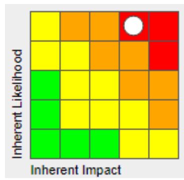
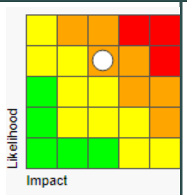
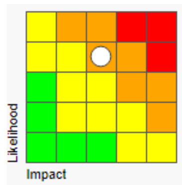
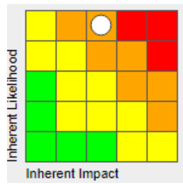
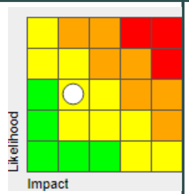
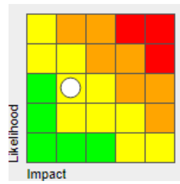
Risk Type & Title	Causes	Impact	Consequence	Inherent Risk	Controls	Residual Risk (Previous Quarter)	Residual Risk (Current)
Funding - Investment (Risk appetite - open) 10.Equity Risk	• Market sector falls substantially because of global economic factors	• Financial loss to the Fund	• Inability to meet overall strategic objectives • Reduced funding level • Increased employer contribution levels		• Performance monitored on an ongoing quarterly basis • Investment strategy with diversified range of asset classes and long-term investment objectives • Advice provided by Investment Consultant • Fund officers remain in close communications with investment managers • 10% volatility reserve		 No Change
Governance (Risk appetite - minimalist) 11.Failure to comply with changes to LGPS regulations and other new regulations / legislation Specifically: • McCloud • Pensions Dashboard	• Significant changes to scheme & regulations which staff are unfamiliar with • Failure in readiness for changes • Lack of technical expertise / training	• Incorrect calculations • Delays in processing • Statutory breaches • Reputational risk	• Financial implications for members • Loss of stakeholder confidence • Financial cost to the Fund if interest must be paid to members • Regulatory action		• Verification process in place within Pensions section • Staff training • Audited key processes reviewed prior to significant changes • Recruitment exercises as required		 No Change

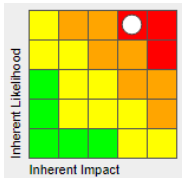
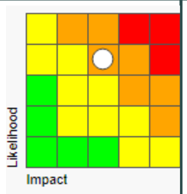
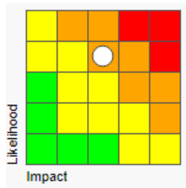
Risk Type & Title	Causes	Impact	Consequence	Inherent Risk	Controls	Residual Risk (Previous Quarter)	Residual Risk (Current)
	• Inadequate procedures / process • Lack of resources • Error in interpreting requirements • IT systems not updated to reflect changed requirements				• Robust system maintenance & upgrade • Specialist advice used as required to ensure correct interpretation • Performance monitoring • Project management for implementation of key changes / exercises		
Governance (Risk appetite - minimalist) 12.Failure to comply with governance best practice Specifically: • TPR New Code of Practice • TPR Good Governance project outcomes	• Failure to implement requirements • Inadequate processes / procedures • Inadequate training as to changed requirements	• Breach of statutory requirements • Sub-standard service to members and employers • Reputational risk for the Fund	• Regulatory action • Loss of stakeholder confidence		• Staff training • Audited key processes reviewed prior to significant changes • Specialist review and advice		 No Change

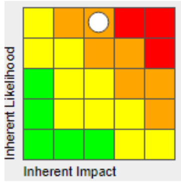
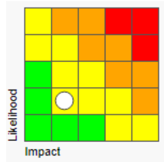
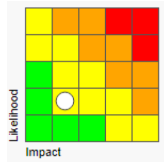
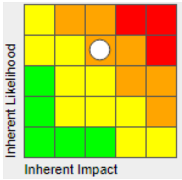
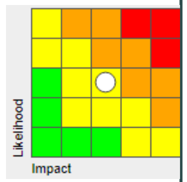
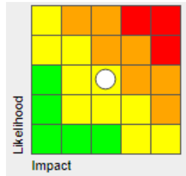
Risk Type & Title	Causes	Impact	Consequence	Inherent Risk	Controls	Residual Risk (Previous Quarter)	Residual Risk (Current)
Pension Administration (Risk appetite - minimalist) 13.Failure to provide quality service to members	• Inadequate administration & communication policies • Lack of resources • Lack of staff skills / knowledge • Lack of training • Ineffective processes & procedures • Poor communication documentation • Unanticipated workloads	• Reputational risk for the Fund • Processing delays & errors • Late payments • Sub-optimal decision making • Reputational risk for the Fund	• Financial implications to members • Loss of stakeholder confidence		• Key policies reviewed and updated annually or sooner if required • Recruitment exercises as required in keeping with statutory requirements • Ongoing staff training and support • Key processes audited and reviewed annually • Communication / documentation reviewed regularly and updated • Weekly work allocation to prioritise and avoid bottlenecks		 No Change

Risk Type & Title	Causes	Impact	Consequence	Inherent Risk	Controls	Residual Risk (Previous Quarter)	Residual Risk (Current)
Operational (Risk appetite - minimalist) 14.Failure to hold personal data securely	• Insufficient system abilities re security of data • Sub-standard retention processes & procedures • Inadequate data retention policy, backup and recovery procedures • Change of retention requirements	• Data lost or compromised • Incorrect member records • Processing delays & errors • Retiring staff will be paid late • Reputational risk for the Fund • Breach of statutory requirements	• Financial impact to members • Loss of stakeholder confidence • Financial cost to the Fund if interest has to be paid to members • Regulatory action		• Data security system settings & controls • Data retention policy & processes / back up & recovery procedures		 No Change
Operational (Risk appetite - minimalist) 15.Cybercrime	• Inadequate system abilities re security of data • Inadequate controls and security protocol	• Data lost or compromised • Incorrect member records • Processing delays & errors • Retiring staff will be paid late • Reputational risk for the Fund • Breach of statutory requirements	• Financial impact to members • Loss of stakeholder confidence • Financial cost to the Fund if interest has to be paid to members • Regulatory action		• Data security system settings & controls • Data back-up & recovery procedures • Technical & Security Controls • Cyber Security Protection and Penetration Testing • Cyber Incident Response Plan • Corporate Emergency &		 No Change

Risk Type & Title	Causes	Impact	Consequence	Inherent Risk	Controls	Residual Risk (Previous Quarter)	Residual Risk (Current)
					Business Continuity Plans		
Pension Administration (Risk appetite - minimalist) 16.Failure to keep pension records up-to-date and accurate	• Non-availability of pension / payroll systems • Resource unavailable • New staff undertaking duties • Increased workload • Failure to gain relevant information from employers to enable processing	• Processing delays • Processing errors • Retiring members will be paid late • Reputational risk for the Fund • Breach of statutory requirements	• Financial implications for members • Loss of stakeholder confidence • Financial cost to the Fund if interest has to be paid to members • Regulatory action		• System contingency / recovery prioritised • Service prioritisation / allocation • Staff training • Scheduled communications / updates from employers		 No Change
Governance (Risk appetite - minimalist) 17.Lack of expertise on Pension Committee, Pension Board or amongst officers	• Lack of training & continuous professional development • Loss of key staff and management • Lack of succession planning within the structure	• Detrimental decision making • Reputational risk for the Fund • Breach of statutory requirements • Failure to meet objectives • Failure to meet deadlines • Additional pressure on existing staff	• Financial loss • Inability to meet overall strategic objectives • Increase in employer contribution requirements • Regulatory action • Loss of stakeholder confidence		• Key policies and governance arrangements independently audited and reviewed • Key officer meets Markets in Financial Instruments Directive (MIFIID) professional investor requirements		 No change

Risk Type & Title	Causes	Impact	Consequence	Inherent Risk	Controls	Residual Risk (Previous Quarter)	Residual Risk (Current)
					• Training & support • External specialist advice • TPF structure and resource review now completed and in the process of being implemented		
Governance (Risk appetite - minimalist) 18.Over reliance on key officers	• Loss of key individuals • Inability to recruit individuals with specialist skills & experience • Inadequate governance arrangements • Lack of specialist advisors to support	• Detrimental decision making • Reputational risk for the Fund • Breach of statutory requirements • Failure to meet objectives	• Financial loss • Inability to meet overall strategic objectives • Increase in employer contribution requirements • Regulatory action • Loss of stakeholder confidence		• Key policies and governance arrangements independently audited and reviewed • Knowledge & experience of staff • External specialist advice • Peer support from other LGPS		 No Change
Governance (Risk appetite - minimalist) 19. Failure to communicate adequately with stakeholders	• Inadequate communication policy • Inadequate processes & protocols with employers and	• Scheme members not aware of their rights • Employers not aware of regulations,	• Sub-optimal decision making resulting to financial detriment of members • Errors in members calculations		• Communications policy • Standard documentation & communications • Website information		 No Change

Risk Type & Title	Causes	Impact	Consequence	Inherent Risk	Controls	Residual Risk (Previous Quarter)	Residual Risk (Current)
	scheme members	procedures, etc. • Reputational risk • Breach of statutory requirements	• Loss of stakeholder confidence • Regulatory action		• Standard key processes & protocols • Employer communications (emails / info sessions / documentation / guidance • Adequately trained staff		
Funding - Employer related (Risk appetite - cautious) 20.Employer Covenant Risk	• Change in employer actuarial profile which has resulted in significant increase in liability • Unsuitable guarantee / financial health of employer	• Employers unable to financially provide for exit liability	• Inability to meet overall strategic objectives • Financial impact on overall funding level • Remaining employers required to accommodate the shortfall via increased contribution		• Government or local authority guarantees, bonds or securities over assets • Independent covenant review and financial assessments to identify • Funding strategy to enable exit at minimal risk to remaining employers • Affordable payment schedule independently assessed		 No Change

Risk Type & Title	Causes	Impact	Consequence	Inherent Risk	Controls	Residual Risk (Previous Quarter)	Residual Risk (Current)
Governance (Risk appetite - minimalist) 21.Risks in relation to use of 3rd party service providers	• Inadequate policy • Poor due diligence and selection processes • Poor contract management	• Poor decision making • Failure of supplier adhering to contractual agreement • Reputational risk	• Financial detriment to the Fund • Loss of stakeholder confidence		• Procurement policy • Contracts database • Documented contract management protocol • Use of national frameworks		 No change
Funding - ESG (Risk appetite - cautious) 22.Failure to implement ESG Policy (specifically in relation to Climate Change and incoming requirements of TCFD)	• Inadequate policy & practices • Failing to understand incoming requirements • Failing to plan and implement changes required • Lack of knowledge & skills	• Poor decision making • Non-compliant actions being taken • Statutory breach • Reputational risk	• Failing to meet strategic objectives • Regulatory action • Loss of stakeholder confidence		• Regularly reviewed policies, processes and reporting • Project plans to meet changing requirements • Specialist advice as required • Training		 No Change

REPORT TO: **PENSION SUB-COMMITTEE OF THE CITY GOVERNANCE COMMITTEE & PENSION BOARD – 28 SEPTEMBER 2026**

REPORT ON: **PENSION ADMINISTRATION PERFORMANCE – UPDATE TO 30 JUNE 2026**

REPORT BY: **EXECUTIVE DIRECTOR OF CORPORATE SERVICES**

REPORT NO: **214-2026**

1. PURPOSE OF REPORT

This report provides information on the recent quarter’s operational performance in relation to Pension Administration and other general developments in this area over the period.

2. RECOMMENDATIONS

The Sub-Committee is asked to note the contents of the report.

3. FINANCIAL IMPLICATIONS

There are no direct financial implications arising from the agreement of this report.

4. BACKGROUND

This report focuses on statutory performance and is subject to ongoing review and development that will aim to provide enhanced reporting functionality that can be prepared efficiently and improve the quality of information on administration performance and compliance that is presented to members for scrutiny.

5. SERVICE SUMMARY

- **Summary of Statutory Performance Requirements**

The following table summarises the performance of the fund administration against statutory requirements:

	Received (1)			Completed (2)					
	Q4	Q1	% Change	Q4	Q1	% Change	Statute Days (3)	Average Days to Complete (4)	Cases Completed Out with Statute (5)
Starter	1491	759	-49%	1,485	783	-47%	60	1	0
Estimate	209	201	-4%	183	177	-3%	60	58	77
Options	501	610	22%	507	608	20%	60	52	138
Actual	306	364	19%	291	319	10%	60	20	0
TV In	60	66	10%	35	49	40%	60	31	3
TV Out	214	287	34%	215	264	23%	90	20	2
Deferred	325	392	21%	306	293	-4%	60	39	15
Death	227	160	-30%	234	144	-38%	60	14	2
Death Grant	49	31	-37%	25	34	36%	60	43	3
Dependant	94	65	-31%	66	82	24%	60	33	0
Divorce	13	18	38%	9	7	-22%	90	56	2
Total	**3,489**	**2,953**	**-15%**	**3,356**	**2,760**	**-18%**			**242**

Key:

Q4 denotes January to March 2026.
Q1 denotes April to June 2026.

1) Reflects total number of cases received in each period and movement %
2) Reflects total number of cases completed in each period and movement %
3) Reflects the statutory target timescale to deal with each case
4) Reflects the average number of days taken to complete each case during the quarter
5) Reflects the number of individual cases that were not dealt with in the statutory time

The following provides further detail on statutory task data:

Overall Caseload:

Excluding the starter process, which operates through a workflow system, case volumes increased during the quarter across all areas, both in terms of cases received and cases completed. Ongoing staff absences, together with the requirement for key team members to support the McCloud rectification project, have continued to impact overall operational capacity. As a result, there has been an increase in the number of cases completed out with statutory timescales. A review of the Fund's staffing structure and resource requirements remains underway, with the aim of improving service delivery, increasing output, and reducing processing times.

Prioritised Tasks:

- **Issue of Pension Options & Pensions Brought into Payment**
    - **Pension options:** received during the quarter increased by 22%, while the number of cases completed increased by 20%. However, the number of cases completed out with statutory timescales rose by 45%, primarily due to ongoing staff absences which have impacted processing capacity.
    - **Actual retirement**: cases received and completed also increased during the quarter. No cases were completed out with statute, and the average processing time remain low.

- **Processing of Death Benefits, Payments of Death Grants, and Dependant Pensions**
    - There was a decrease in the number of cases received across all 3 of the areas during the quarter.
    - Average processing times remained consistent. However, five cases were completed out with statutory timescales during the quarter. Despite this, overall performance in these areas remained stable.

Other Statutory Tasks:

- **New Member Processing:** The workflow system in operation continues to keep the average processing days low.
- **Estimates:** There was a small decrease in case number received and completed. However, out of statute case increased to due to ongoing staff absences which have impacted processing capacity.
- **Deferred Member Processing:** The numbers of cases received in the quarter increased by 21% with a decrease in completed by 4%. Some cases remain complex and require engagement with employers to obtain information to calculate member benefits.
- **Outbound Benefit Transfers**: There was an increase by 34% of case numbers received and cases completed increased by 22%.
- **Inbound Benefit Transfers**: The number of cases completed in this quarter increased by 40%, along with the number of cases received increasing by 10%.
- **Divorces:** There was an increase of 38% of case numbers received and cases completed decreased by 22%.

5.1 Other Pension Operations

The following table summarises the other operations undertaken in addition to statutory requirements:

	Received (1)			Completed (2)			Days to complete (3)		
	Q4	Q1	% Change	Q4	Q1	% Change	Q4	Q1	% Change
Amendment to Account	388	396	2%	1,636	632	-61%	301	9	-97%
Certificates	111	302	172%	592	113	81%	130	18	-86%
Other Admin Tasks	924	676	-27%	1,925	577	-70%	83	41	-51%
Other pensions processing	1,430	639	-55%	1,490	1,023	-31%	258	344	33%
Refunds	N/A	291	N/A	N/A	197	N/A	N/A	134	N/A
Aggregations	N/A	537	N/A	N/A	195	N/A	N/A	407	N/A

Q4 denotes January to March 2026
Q1 denotes April to June 2026

1) Reflects total number of cases received in each period and movement %
2) Reflects total number of cases completed in each period and movement %
3) Reflects the average number of days taken to complete each case during the quarter and movement %

Ongoing staff training and recruitment have continued to affect case numbers in these areas, with available resources being prioritised towards key service delivery areas.

Refunds and aggregation tasks have now been included from quarter 1, as this is in keeping with the new reporting requirement in the annual accounts.

5.2 Employer Contributions

For the period April to June covering the payroll periods of March to May we received 7 late payments, these were received the following day.

5.3 Member Self Service Update/Pension Portal

10,834 members have now registered for the new Pension Portal; this totals 19% of membership and is an increase of 6% from the previous quarter.

5.4 I-Connect Update

There were 38 Employers who have submitted monthly uploads through the i-Connect system during the period. We are still working with 1 employer on issues with the data being received.

All employers have been advised that we expect all uploads to be completed on I-Connect and this will be reviewed in accordance with the administration strategy and escalated if required.

5.5 Call Centre

During the quarter, 2,856 calls were received, this is an increase of 8 calls compared to the previous period. The total time spent on calls was 532 hours.

The level of time required to manage calls continues to place a significant demand on resources and is being addressed as part of the structure review.

5.6 Compliance

National Fraud Initiative: 4 overpayments remain outstanding which amount to £13,382.39.

No cases have been identified as fraud to date. The team continue to liaise with the Dundee City Council Fraud and Legal teams in an attempt to recover the overpayments.

5.7 Recruitment

- The successful candidate for the vacant Assistant IT/Systems Process Analysis post started on the 1 June 2026
- A vacant Clerical Assistant post was advertised on the 29th May, interviews are to be held in the next quarter.

5.8 Queries & Complaints

4,166 emails were received into the generic mailbox in the quarter up to the 30 June 2026, this equates to approximately 64 emails per working day. This area continues to be a significant resource requirement for the team and is being addressed as part of the structure review.

- Complaints to Prudential: None
- Complaints to Standard Life: None
- GDPR: 5
- Complaints: None

5.9 Staff Training

- In House Training

In house training continues to be utilised for the newer members of staff along with the staff who are undertaking extra responsibilities within the team. Peer to peer training is delivered by experienced staff and whilst this training is invaluable to the team, it is recognised the impact this has on caseloads. This will be reviewed in the wider structure review.

- External Training

External Training on transfers was delivered by Hymans Robertson, with six team members attending this session. Training material was also provided by Hymans Robertson which can be utilised by the team when required.

Hymans Robertson plan to deliver further training sessions, covering a range of topics identified as learning priorities across all Scottish funds. These sessions will provide a valuable resource to support ongoing staff development.

5.10 Employers & Member meetings

Meetings were held with two scheme employers during the quarter to discuss Certificate of Protection, Assumed Pensionable Pay (APP), and Early Retirement schemes. These sessions provided an opportunity to review current processes, clarify requirements, and address employer queries.

In addition, two scheme employers arranged member information sessions during the quarter, which were delivered both virtually via Microsoft Teams and in person. The sessions were designed to promote awareness and understanding of the benefits available through the Local Government Pension Scheme (LGPS). Each session allowed members to raise queries and receive further guidance on their pension benefits.

5.11 Resource and Structure Review

The structure review continues to progress, with Senior Management and Human Resources currently reviewing associated job descriptions. Work is also underway to develop a phased implementation plan, and further updates will be provided in subsequent reports.

5.12 Annual Pension Increase

The 2026 Pensions Increase was applied to all pensioners with effect from 6 April 2026. The percentage increase was 3.8%. For Pensioners, this provided them with a partial increase for April of 5 days at the old rate and 25 days at the new rate, with the full monthly increase coming into effect from May. A notice was also posted on to the Fund website to provide details of the increase.

5.13 McCloud

Key staff continue to work on reconciling employer data and working with a small number of employers on outstanding queries to ensure member records are fully updated, enabling completion of underpin checks ahead of the issue of the 2026 Annual Benefit Statement to members.

Any category of members who have not had the underpin check completed for their 2026 ABS is required to be reported to The Pension Regulator. Tayside Pension Fund will be submitting a report for members who have:

- Transferred in benefits – Additional information is required from a previous pension provider to enable the McCloud underpin assessment to be completed.
- Divorce – Guidance from the Government Actuary's Department (GAD) remains outstanding in relation to the application of the McCloud remedy for members with pension debit or pension credit adjustments.
- Aggregations - These cases require additional analysis due to the complexity arising from the aggregation of multiple pension records. Priority is being given to completing the wider McCloud rectification exercise to maximise compliance across the membership.

Retrospective work has continued this quarter, and the below table summarises the total retrospective work undertaken for McCloud to date:

	Completed cases this quarter	Completed cases to date
Options	4	8
Retirement	3	6
Transfer Out	0	34
Total	7	48

5.14 Pension Dashboard

The Pensions Dashboard Programme has confirmed that Phase 2 testing is now underway, including testing with increasing volumes of users to assess system performance and functionality. Planning is also progressing for the later stages of Phase 2 testing. Under the published testing approach, Phase 2 is expected to run for approximately nine months.

5.13 End of Year Update

At the 30th June 2026:-

- 38 employers have uploaded all submissions for the end of year.

The team are working with employers to have the data reconciled and ready in the system for the 2026 Annual Benefit Statements.

5.14 HMRC

Normal minimum pension age (NMPA) transitional regulations

HMRC is developing transitional regulations to support the increase in the NMPA from 55 to 57 on 6 April 2028.

HMRC explains that the transitional regulations are intended to ensure members who are aged 55 or 56 on 5 April 2028, without a protected pension age, who have already become entitled to certain pension benefits before 6 April 2028 can continue to receive payments after that date as authorised payments. For these purposes, the member would be treated as having reached age 57 immediately before their first payment on or after 6 April 2028.

At present, the proposals remain provisional, as the regulations have not yet been formally laid and may be subject to change. Further updates will be provided in future reports. Any confirmed changes and guidance will also be communicated to employers and published on the Fund's website to ensure members are kept informed.

Inheritance tax

On 11 May 2026, HMRC published a technical note providing further detail on the reforms to the Inheritance Tax treatment of pensions introduced through the Finance Act 2026. The note outlines how the new legislation is expected to operate in practice for personal representatives, pension scheme administrators and beneficiaries.

HMRC is also consulting on draft amendments to the Registered Pension Schemes (Provision of Information) Regulations 2006. The proposed changes would require pension providers and personal representatives to share relevant information relating to a deceased member's pension with each other, beneficiaries and HMRC, in support of the new Inheritance Tax arrangements.

HMRC will continue to issue secondary legislation, guidance and supporting materials ahead of the planned implementation date of April 2027. The Fund will monitor developments and provide further updates in future reports along with develop a communication to members as additional details become available.

REGULATIONS

Details of regulatory matters are contained in Appendix 1.

POLICY IMPLICATIONS

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

CONSULTATIONS

The Chief Executive and Head of Democratic and Legal Services have been consulted in the preparation of this report.

BACKGROUND PAPERS

None

PAUL THOMSON

EXECUTIVE DIRECTOR OF CORPORATE SERVICES

Date 21 September 2026

Appendix 1

REGULATORY COMMUNICATIONS

Website Updates

LGPS website for funds in Scotland

- LGPS Regulations and Guidance

HMRC

- Newsletter 180 — April 2026 - GOV.UK
- Pension schemes newsletter 181 — May 2026 - GOV.UK
- Newsletter 182 — June 2026 - GOV.UK
- Inheritance Tax on pensions: technical note - GOV.UK
- The Pensions (Abolition of Lifetime Allowance Charge etc) Regulations 2026

Pension Dashboards

- Pensions dashboards connection deadline: your questions answered | UK Pensions Dashboards Programme
- Pensions dashboards: are schemes ready for the next step?
- Webinar: Phase 1 research findings for the MoneyHelper Pensions Dashboard | UK Pensions Dashboards Programme

The Pension Regulator (TPR)

- AI plan

SPPA

- Ill Health Guidance | SPPA
- 280 - Scotland valuation letter.pdf

Scheme Advisory Board

Scotland Updates

- LGPSAB | Local Government Pension Scheme Advisory Board

England & Wales updates

- LGPS Scheme Advisory Board - Home

The Pension Administration Standards Association (PASA)

- PASA-DWG-Compliance-Monitoring-FINAL.pdf

The Pension Ombudsman

- Death benefit lump sums | The Pensions Ombudsman
- How to complain about your pension | The Pensions Ombudsman
- Ill health pensions | The Pensions Ombudsman
- Incorrect information about your pension | The Pensions Ombudsman

ITEM No …7………..

REPORT TO: **PENSION SUB-COMMITTEE OF THE CITY GOVERNANCE COMMITTEE & PENSION BOARD – 28 SEPTEMBER 2026**

REPORT ON: **BREACHES OF LAW POLICY**

REPORT BY: **EXECUTIVE DIRECTOR OF CORPORATE SERVICES**

REPORT NO: **219-2026**

1 PURPOSE OF REPORT

This report sets out the Fund's policy in respect of reporting breaches of the law to The Pensions Regulator.

2 RECOMMENDATIONS

The Breaches of Law Policy is required to be reviewed at least annually, and the Sub-Committee is asked to approve, noting that there are no changes required since the previous version approved in September 2025.

3 FINANCIAL IMPLICATIONS

There are no financial implications.

4 BACKGROUND

As part of a review of compliance with the Pensions Regulators Revised Code, a policy which set out the treatment of breaches in the law was put in place.

The previous version was approved by the Pension Sub-Committee of the City of Governance & Pension Board at its meeting on 22 September 2025 (Article X of the Minute of Meeting of the Pension Sub-Committee of the City Governance & Pension Board of 22 September 2025, Report No 261-2025 refers).

The Breaches of Law Policy requires that it is reviewed at least annually to ensure it remains effective and up to date.

5 POLICY IMPLICATIONS

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

6 CONSULTATIONS

The Chief Executive and Head of Democratic and Legal Services have been consulted in the preparation of this report.

7 BACKGROUND PAPERS

None

PAUL THOMSON
EXECUTIVE DIRECTOR OF CORPORATE SERVICES **21 SEPTEMBER 2026**

Tayside Pension Fund

BREACHES OF LAW POLICY

2026-27

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Introduction

When a legal requirement is not met, it is essential that we respond appropriately and in full compliance with our obligations. To support this, we have established a Breaches of Law Policy.

This policy is communicated to both our internal teams and external employers, making it clear that any deviation from expected legal or procedural standards must be reported without delay.

In the event of a suspected breach, the Systems / Process Analyst (Pensions) should be notified via email. Upon receiving the report, they will engage the Pensions Services Manager and any other relevant officers (depending on the nature and context of the issue) to investigate the matter in accordance with The Pensions Regulator's (TPR) guidance. This includes applying TPR's traffic light framework to assess the severity and implications of the breach. Where appropriate, updates will be provided to the Pension Board and the Pensions Sub-Committee.

Background

In April 2015 TPR published Code of Practice no 14 (the Code) concerning the governance and administration of public service pension schemes. This code also covered breaches of the law, supplementing the Pensions Act 2004. There are various other laws relating to the Local Government Pension Scheme, with a range of people having a statutory duty to report material breaches of the law to the Regulator. To assist with this, the Code states that a procedure should be established to ensure that those with a responsibility to make reports are able to meet their legal obligations. This document is that procedure, which relates to all Tayside Pension Fund (TPF) areas of operation.

As part of TPF's commitment to responsible governance and transparent operations, this document outlines the Fund's policy and procedures for identifying, monitoring, and, where necessary, reporting breaches of the law. This policy will be reviewed by the Fund at least annually to ensure it remains effective and up to date.

The Fund is committed to monitoring all breaches of law and will allocate appropriate resources to support the effective management and administration of this process. Responsibility for overseeing and implementing the Breaches of Law Policy rests with the Pensions Services Manager. The introduction of this policy provides the Fund with an additional mechanism to mitigate risk and detect any potential misconduct at an early stage. It also offers a valuable opportunity to learn from incidents, enabling continuous improvement of processes in areas where breaches have occurred.

What constitutes a breach of law?

A breach of the law occurs when a legal obligation is not, or has not been, fulfilled. Such breaches may arise across various aspects of Fund management and administration, including but not limited to:

- Failure to comply with overarching legislation, statutory guidance, or codes of practice.
- Inadequate maintenance of accurate records.
- Failure to act upon identified fraudulent acts or omissions.
- Employers failing to remit member or employer contributions within the required timeframe.
- Inaccurate or delayed payment of member benefits.
- Failure to issue annual benefit statements within the statutory deadline.
- Non-compliance with the Fund's internal policies, such as the Funding Strategy Statement or the Pension Administration Strategy.

Responsibility for Reporting Breaches

All individuals and entities involved in the management and oversight of the Fund share a collective responsibility to proactively identify, manage, and report any breaches of the law, whether they have occurred or are likely to occur. This includes:

- Members of the Pensions Sub-Committee
- Members of the Pension Board
  Pensions Services Manager and other Fund officers
- Participating employers
- Professional advisers, including auditors, actuaries, legal advisers, and fund managers
- Any person who is otherwise involved in advising the managers of the scheme.

How are records of breaches of law maintained?

All breaches or suspected breaches of the law will be recorded in the Fund's Breaches of Law Log, which is maintained by the Systems / Process Analyst (Pensions). This log will include all breaches, regardless of whether they are ultimately deemed material to The Pensions Regulator (TPR). Recording all breaches ensures that patterns of repeated non-material breaches can be identified and escalated if they become material over time. It also supports continuous improvement by highlighting areas where process enhancements or additional controls may be required.

The log will be maintained using a traffic light framework, developed in line with TPR's guidance, to help assess the severity and urgency of each breach. It will be stored centrally within SharePoint to ensure secure and consistent access.

Key Responsibilities and Processes

1. Investigating Breaches

All reported and likely breaches must be investigated. The Systems / Process Analyst (Pensions) is the first point of contact for potential breaches.

2. Corrective Action

If a breach is confirmed, an action plan must be developed and implemented to:

- Correct the breach.
- Prevent recurrence of similar breaches.

3. Reporting

Routine Reporting: Updates to the breaches log are reported at the next Pensions Sub-Committee and Pension Board meetings.

Urgent Reporting: If meetings are more than 30 days away, consultation must be conducted with:

- Chairs of the Pensions Sub-Committee and Pension Board.
- Executive Director of Corporate Services and Head of Corporate Finance.

4. Annual Reporting

All material breaches must be included in the Fund's annual report.

Determining Materiality of a Breach (TPR Guidance)

Assessment and Escalation of Breaches

The materiality and significance of a breach will be assessed by considering four key factors, as detailed below. Detailed guidance on how each of these factors is evaluated is provided in Appendix A.

In the first instance, the Pensions Services Manager will serve as the primary point of contact for determining whether a breach should be reported to The Pensions Regulator (TPR). Where cases are more complex, they may be escalated for further review to the Executive Director of Corporate Services, and if required, the Chair of both Pension Sub-Committee and Pension Board.

Breaches vary in urgency. For example, an imminent fraud would require immediate attention, whereas other breaches may be less time sensitive. Non-urgent but material breaches should, wherever feasible, be reported to TPR within 30 working days of confirmation. Breaches assessed as non-material should still be recorded within the same timeframe.

Certain breaches are so serious that they must always be reported. For instance, theft of funds by any individual involved in the administration or management of the Fund constitutes a reportable breach. While it is not always possible to define every instance that warrants mandatory reporting, a useful test is: Could the breach reasonably result in criminal prosecution or cause serious damage to public confidence?

Factors for consideration:

- **Cause:** e.g., dishonesty, poor governance, deliberate legal breaches, incomplete or inaccurate advice.

  When assessing whether a breach is of material significance, those responsible should take into account any other breaches, both reported and unreported, of which they are aware. However, historical breaches should be evaluated with caution, particularly where remedial actions have been implemented to address previously identified issues.

  A breach is unlikely to be considered materially significant if it results from an isolated incident, such as initial challenges associated with the implementation of a new system or procedure, or from an unusual or unforeseeable set of circumstances. Nevertheless, it remains important to assess the broader impact of the breach. Repeated isolated incidents may signal underlying systemic weaknesses within the scheme and should therefore be carefully scrutinised.

- **Effect:** e.g., conflicts of interest, inaccurate benefit information, asset misappropriation.
- **Reaction:** e.g., delayed or ineffective corrective action.
- **Wider Implications:** e.g., likelihood of similar future breaches.
- **Note:** Not all breaches are reportable. If prompt and effective corrective action is taken, TPR may not consider the breach material.

Special Cases:

If the breach involves theft, fraud, or serious offences, and reporting internally may compromise investigations, report directly to TPR (and other agencies if applicable), without delay.

Reporting a breach of law to TPR

Having ‘reasonable cause’ to believe that a breach has occurred means more than merely having a suspicion that cannot be substantiated. Reporters should ensure that where a breach is suspected that they carry out checks to establish whether or not a breach has in fact occurred. Where the reporter does not know the facts or events around the suspected breach, it will usually be appropriate to consult senior officers within TPF in the first instance regarding what has happened. The procedure set out below will be followed for all suspected breaches of the law identified within or brought to the attention of TPF Management who will log the breach and undertake investigation as to materiality.

A material breach of law must be notified to TPR as soon as reasonably practicable and no later than one month after becoming aware of the breach or likely breach. Where it is considered that a breach is of such significance that TPR is required to intervene as a matter of urgency (for example, serious fraud) the matter should be brought to the attention of TPR and other agencies (if applicable), immediately.

Reports must be submitted in writing and can be sent by post or electronically, including by email. Wherever possible reporters should use the standard format available via the Exchange online service on the regulator's website: http://www.thepensionsregulator.gov.uk/trustees/exchange.aspx

The report should be dated and include as a minimum:

- Full name of the Fund.
- Description of the breach or breaches.
- Any relevant dates.
- Name of the employer (where known).
- Name, position and contact details of the reporter, and
- Role of the reporter in relation to the Fund.
- Additional information that would help the regulator, including
- includes:
    - The reason the breach is thought to be of material significance to the regulator.
    - The address of the Fund.
    - The contact details of the Fund (if different to the Fund address).
    - The Fund's registry number (if available), and
    - Whether the concern has been reported before.

The report should clearly indicate the seriousness of any breach by marking the submission as urgent where appropriate. It is the responsibility of the reporter to ensure that an acknowledgement of receipt is obtained for any report submitted. The Pensions Regulator (TPR) will acknowledge all reports within five working days of receipt.

Routine updates on the progress of a report are not typically provided, unless TPR requires additional information to support its regulatory functions.

In instances where dishonesty or other serious misconduct is suspected, reporters should, wherever possible, refrain from conducting checks or inquiries that could alert the individuals involved or compromise any potential investigation.

Whistleblowing

Under the Pensions Act 2004, there is a statutory obligation to report breaches of the law. In certain circumstances, this duty may require an employee of the Fund to make a whistle-blowing disclosure.

The Act makes it clear that this statutory duty to report overrides any other obligations, including those related to confidentiality. Making a report in accordance with this duty does not constitute a breach of any such obligations.

Dundee City Council has its own whistleblowing policy. The Council's whistleblowing arrangements are managed by Corporate Fraud and Internal Audit. Any concerns can be reported at https://www.dundeecity.gov.uk/service-area/corporate-services/corporate-finance/whistleblowing-report-of-suspected-wrongdoing

In fulfilling its responsibilities under this Breaches of Law Policy, the Fund will ensure full compliance with the Employment Rights Act 1996, thereby safeguarding any employee who makes a whistle-blowing disclosure to TPR.

The duty to report however, does not override legal privilege. This means that oral and written communications between the Fund, the Pensions Sub-Committee or Pension Board, and a professional legal adviser remain protected and are not subject to disclosure.

REPORT TO: PENSION SUB-COMMITTEE OF THE CITY GOVERNANCE COMMITTEE & PENSION BOARD – 28 SEPTEMBER 2026

REPORT ON: ANNUAL TREASURY MANAGEMENT ACTIVITY 2025/2026

REPORT BY: EXECUTIVE DIRECTOR OF CORPORATE SERVICES

REPORT NO: 220-2026

1 PURPOSE OF REPORT

To review the Treasury Management activities for the period 1 April 2025 to 31 March 2026.

2 RECOMMENDATION

The Committee is asked to note the information contained within this report.

3 FINANCIAL IMPLICATIONS

There are no financial implications arising from the agreement of this report.

4 BACKGROUND

At its meeting on 17 March 2025 the Pension Sub-committee of the City Governance Committee approved the Fund's Treasury Policy Statement which set out the policies which governed all treasury transactions carried out by the Fund during the financial year 2025/26 (Article IX of the Minute of Meeting of the Pension Sub-Committee of the City Governance of 17 March 2025, Report No 98-2025 refers).

The Treasury Policy Statement requires that the Pension Sub-committee of the Policy and Resources Committee receive and consider the Treasury Management strategy in advance of each new financial year and subsequently an annual monitoring report on the activities in that year.

This monitoring report covers the Treasury Management activity over the financial year 2025/2026.

5 THE TREASURY MANAGEMENT STRATEGY FOR 2025/2026

The Treasury Management Strategy for 2025/2026 was approved at the meeting on 17 March 2025 of the Pension Sub-committee of the Policy and Resources Committee (Article X of the Minute of Meeting of the Pension Sub-Committee of the City Governance Committee of 17 March 2025, Report No 99-2025 refers).

As a requirement of legislation, to ensure greater transparency of Pension Fund monies, Tayside Pension Fund has operated a separate bank account from that of Dundee City Council. Although the Pension Fund's investments are all managed externally, there are frictional cash balances which are held internally. These arise from timing differences between receipt of pension contributions and payment of pensions within the month.

The Pension Fund's Treasury Management Strategy is therefore based on cash flow management to ensure that sufficient funds are held to make all necessary payments with the primary concern of ensuring security and accessibility of cash to allow the capital to be preserved.

The expectation for interest rates which are incorporated within the Council’s treasury strategy statement were based upon officers' views along with advice from our treasury advisers supported by a selection of City forecasts. The view on base rates at time of strategy publication (in March 2025) was that rates were forecast to be 3.75% by the end of the financial year. It is important to note that The Bank of England decreased base rate on three occasions during 2025/26 with rate being 3.75% on 18 December 2025.

The Fund's internal Treasury Management activities in 2025/2026 achieved income of £1,101,059.

6 LENDING FOR 2025/2026

Interest Rates

Bank of England base rate started the financial year at 4.50% and decreased to 3.75% by the end of the financial year.

Actual Lending

Variations in cash flow requirements mean that there will be surplus funds which will be invested for short periods (maximum of 364 days).

Short term investments will be restricted to only those institutions identified in the Fund's approved counterparty list provided they have maintained their credit rating.

An analysis of the lending position to 31 March 2026 shows:

Month	Lowest Lending Amount £m	Highest Lending Amount £m	End of month Lending Amount £m	Interest Rate Range %	
				Min	Max
April 2025	5.700	30.830	27.780	4.47	4.54
May	16.530	28.555	16.530	4.31	4.49
June	9.880	21.175	9.880	4.29	4.36
July	4.300	50.000	50.000	4.23	4.32
August	48.300	50.000	48.300	4.07	4.24
September	41.325	49.800	41.325	4.02	4.11
October	34.100	43.495	34.100	4.03	4.12
November	24.620	35.820	24.620	4.03	4.09
December	16.115	24.395	16.115	3.91	4.04
January 2026	49.900	33.185	49.300	3.86	3.94
February	48.075	60.000	60.000	3.79	3.90
March	54.375	60.000	54.375	3.76	3.85

The lending activity shown above related solely to short-term positions. All these loans complied with the Treasury Strategy Statement provisions on such lending with regards to amounts and institutions involved.

7 POLICY IMPLICATIONS

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

8 CONSULTATION

The Chief Executive and Head of Democratic and Legal Services have been consulted in the preparation of this report.

9 BACKGROUND PAPERS

None

PAUL THOMSON
EXECUTIVE DIRECTOR OF CORPORATE SERVICES **21 SEPTEMBER 2026**