

City Chambers  
DUNDEE  
DD1 3BY

12th September, 2025

**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, 22nd September, 2025, at 12 noon.

Members of the Press or Public wishing to join the meeting should contact Committee Services by telephone (01382) 434205 or by email at [committee.services@dundeecity.gov.uk](mailto:committee.services@dundeecity.gov.uk) by no later than 12 noon on Friday, 19th September 2025.

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 1**

(Minute of the meeting of the Pension Investment Sub-Committee of 23rd June, 2025, copy attached).

### **4 TAYSIDE PENSION FUNDS RISK REGISTER - Page 5**

(Report No 253-2025 by the Executive Director of Corporate Services, copy attached).

**5 PENSION ADMINISTRATION PERFORMANCE - Page 21**

(Report No 254-2025 by the Executive Director of Corporate Services, copy attached).

**6 TAYSIDE PENSION FUND ACCOUNTS 2024/25**

**(a) TAYSIDE PENSION FUND 2024/25 – ACCOUNTS AND AUDIT - Page 29**

(Report No 255-2025 by the Executive Director of Corporate Services copy attached).

**(b) DRAFT AUDITED STATEMENT OF ACCOUNTS 2024/25 - Page 31**

(Report No 256-2025 by the Executive Director of Corporate Services copy attached).

**(c) EXTERNAL AUDITORS ANNUAL REPORT - Page 127**

(Report No 257-2025 by Audit Scotland copy attached).

**7 THE PENSIONS REGULATOR - GENERAL CODE REVIEW - Page 167**

(Report No 258-2025 by the Executive Director of Corporate Services, copy attached).

**8 ADMINISTRATION STRATEGY - Page 199**

(Report No 259-2025 by the Executive Director of Corporate Services, copy attached).

**9 TREASURY POLICY - Page 219**

(Report No 260-2025 by the Executive Director of Corporate Services, copy attached).

**10 BREACH POLICY - Page 227**

(Report No 261-2025 by the Executive Director of Corporate Services, copy attached).

**11 ANNUAL TREASURY MANAGEMENT ACTIVITY 2024/25 - Page 235**

(Report No 262-2025 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.**

**12 TAYSIDE PENSION FUND**

**13 TAYSIDE PENSION FUND PROCUREMENT ACTIVITY UPDATE**

**14 OPPORTUNISTIC MANDATE TIMELINE**

**15 PRESENTATION**

**ITEM No ...3.....**

At a JOINT MEETING of the **PENSION SUB-COMMITTEE** of the **CITY GOVERNANCE COMMITTEE AND THE PENSION BOARD** held remotely on 23rd June, 2025.

Present:-

PENSION SUB-COMMITTEE

BAILIES

Willie SAWERS

Kevin KEENAN

COUNCILLORS

Ken LYNN

Steven ROME  
Michael CRICHTON

Dorothy McHUGH

PENSION BOARD

Bill DUFF  
Stewart DONALDSON

George RAMSAY

Arthur NICOLL  
Kenny DICK

Bailie Willie SAWERS, Convener in the Chair.

# **I APOLOGIES**

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

## **II DECLARATION OF INTEREST**

No declarations of interest were made.

## **III MINUTE OF PREVIOUS MEETING**

The minute of meeting of 17th March, 2025 was submitted and approved.

## **IV TAYSIDE PENSION FUNDS RISK REGISTER**

There was submitted Report No 163-2025 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 for Tayside Pension Fund, noting no change from the previous quarterly report.

## **V TAYSIDE PENSION FUND INTERNAL ANNUAL AUDIT REPORT 2024/25**

There was submitted Report No 164-2025 by the Executive Director of Corporate Services submitting the Annual Audit Report for 2024/25 prepared by the Fund's Internal Auditor, PricewaterhouseCoopers (PwC).

The Sub-Committee and Board:-

- (i) noted the content of the Annual report.

## **VI PENSION ADMINISTRATION PERFORMANCE – UPDATE TO 31ST MARCH, 2025**

There was submitted Report No 165-2025 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 above period.

The Sub-Committee and Board:-

- (i) noted the content of the report by Audit Scotland at Appendix A to the report.

## **VII STATEMENT OF INVESTMENT PRINCIPLES REVIEW**

There was submitted Report No 166-2025 by the Executive Director of Corporate Services reviewing Statement of Investment Principles for Tayside Pension Fund.

The Sub-Committee and Board:-

- (i) noted the information within the report, noting the changes to benchmark in Appendix C effective from 1st April, 2025; and approved the Statements of Investment Principles contained in Appendix 1 to the report which had been revised in keeping with audit recommendations.

## **VIII FUNDING STRATEGY STATEMENT 2025**

There was submitted Report No 167-2025 by the Executive Director of Corporate Services reviewing the Funding Strategy Statement for Tayside Pension Fund.

The Sub-Committee and Board:-

- (i) approved the Statement, noting the introduction of alternative treatment of employer exit credits following the Local Government Pension Scheme (Scotland) (Amendment) Regulations 2025 which came into force on 1st April 2025; and
- (ii) noted the introduction of alternative treatment of employer exit credits following the Local Government Pension Scheme (Scotland) (Amendment) Regulations 2025 which came into force on 1st April 2025.

## **IX TAYSIDE PENSION FUND INTERNAL AUDIT REPORTS – INVESTMENT STRATEGY REVIEW**

There was submitted Report No 169-2025 by the Executive Director of Corporate Services submitting the audit report prepared by the Fund's Internal Auditor, Pricewaterhouse Coopers (PwC).

The Sub-Committee and Board:-

- (i) noted the content of the report on the audit review undertaken; and
- (ii) approved the management response.

## **X TAYSIDE PENSION FUND ANNUAL GOVERNANCE & GOVERNANCE COMPLIANCE STATEMENTS**

There was submitted Report No 99-2025 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 31 March 2025. This 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 are included as an Appendix to this report; and
- (ii) instructed the inclusion of the statements in the Annual Accounts for the year to 31st March, 2025.

## **XI TAYSIDE PENSION FUND ANNUAL REPORT AND ACCOUNTS 2024/25**

There was submitted Report No 172-2025 by the Executive Director of Corporate providing some additional commentary on the unaudited Annual Accounts 2024/25 which were submitted to the Committee along with this report.

The Sub-Committee and Board:-

- (i) noted the content of the covering report:
- (ii) noted the unaudited Annual Accounts which were submitted along with this report in Appendix A to the report;
- (iii) instructed the Executive Director of Corporate Services to arrange for the unaudited Accounts to be signed as necessary; and
- (iv) instructed the Executive Director of Corporate Services to submit the Annual Accounts to the Fund's external auditor.

**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) TAYSIDE PENSION FUND PERFORMANCE SUMMARY**

There was submitted Report No 174-2025 by the Executive Director of Corporate Services reviewing investment performance of the Fund's investment managers for the quarter to 31st March, 2025. 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) SUMMARIES OF INVESTMENTS AND TRANSACTIONS SUMMARIES OF INVESTMENTS & TRANSACTIONS 1ST JANUARY, 2025 – 31ST MARCH, 2025

There was submitted Report No 175-2025 by the Executive Director of Corporate Services reviewing the investment activities of Tayside Pension Fund's five Fund Managers for the quarter to 31st March, 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.
- (c) QUARTERLY FUNDING UPDATE AS AT 31ST MARCH, 2025

There was submitted Report No 176-2025 by the Executive Director of Corporate Services reviewing the current funding level of the Fund as assessed by the Fund Actuary.

The Sub-Committee and Board:-

- (i) noted the report by the Fund Actuary.

### **XIII SOCIALLY RESPONSIBLE INVESTMENT - ANNUAL REPORT**

There was submitted report Number 177-2025 by the Executive Director of Corporate Services reviewing the progress by the Fund Managers regarding positive engagement in line with the Policy on Environmental, Social and Corporate Governance approved by the Sub-Committee (Article XIV of the Minute of Meeting of the Pension Sub-Committee of the Policy and Resources Committee of 18th March, 2024, Report No.81-2024 refers).

The Sub-Committee and Board:-

- (i) noted the information contained within this report with regards to the activities of the Fund Managers during the year ended 31st March, 2025.

### **XIV ASSET ALLOCATION – OPPORTUNISTIC MANDATE UPDATE**

There was submitted Report No 178-2025 by the Executive Director of Corporate Services, providing an update as to the current exercise in relation to the procurement of an investment manager to manage the opportunistic asset allocation (5% value of the fund (circa £250- 290m). It also presented a recommended plan to enable successful selection and appointment of an opportunistic mandate manager for Tayside Pension Fund.

The Sub-Committee and Board:-

- (i) noted the content of report and approved delegation of authority to Officers to progress.

### **XV PORTFOLIO REVIEW – ADVISORS OUTCOME AND RECOMMENDATION**

There was submitted Report No 179-2025 by the Executive Director of Corporate Services, informing of the findings and recommendations of the Fund's investment advisors Isio, following an equity portfolio review with specific focus on one of the Fund Manager's equity mandates to ensure that equity mandates remain capable of achieving Fund objectives.

The Sub-Committee and Board:-

- (i) approved Isio's recommendations summarised in section 7 of the report, noting the content of their full report (Appendix A to the report).

### **XVI PRESENTATION**

Joe Moroney and Maria Vanegas from Apollo gave a short presentation to the Sub-Committee and Board.

After Mr Moroney and Ms Vanegas 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 – 22 SEPTEMBER 2025**

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

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

**REPORT NO: 253-2025**

**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 for Tayside Pension Fund, noting no change from previous quarterly report.

**3 FINANCIAL IMPLICATIONS**

There are no financial implications other than those highlighted in the risk register.

**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 initial Tayside Superannuation Funds Risk Register (Article III of the Minute of Meeting of the Superannuation Sub-Committee of the Policy and Resources Committee of 21 February 2011, Report No 114-2011 refers) requires conformity with the Statements of Investment Principles for the Tayside Pension Fund.

In 2021, an internal audit review of Risk Management and Regulatory Compliance was completed, and the findings were reported to the Pension Sub-Committee & Board (Article IX of the Minute of Meeting of the Pension Sub-Committee of the Policy and Resources Committee & Pension Board of 21 March 2022, Report No 87-2022 refers). The review suggested the following changes be made to the risk register:

- Update of current risk descriptions to use cause, event and consequence format
- Addition of risks not specified within current risk register
- Implementation of a revised risk scoring matrix specific to Tayside Pension Fund

All risks and controls have been reviewed and rescored accordingly.

**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**

**15 SEPTEMBER 2025**





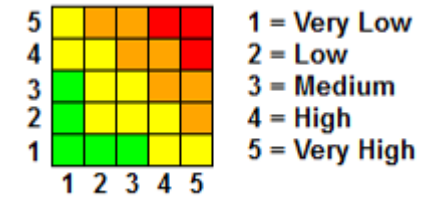
### Quarterly Risk Report

**Report Type:** Tayside Pensions Fund Risks Report

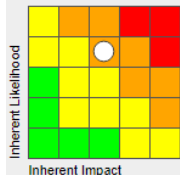
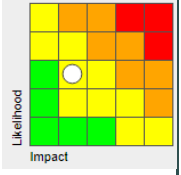
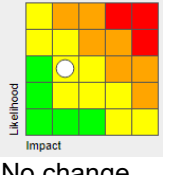
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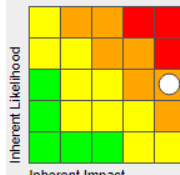
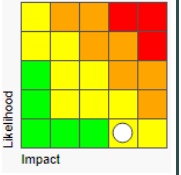
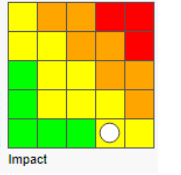
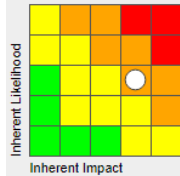
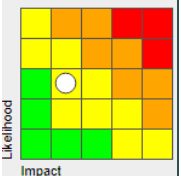
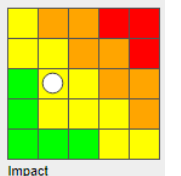
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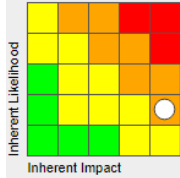
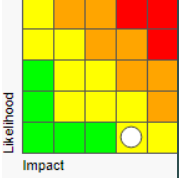
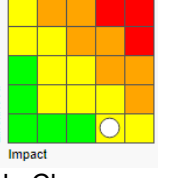
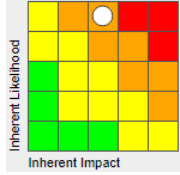
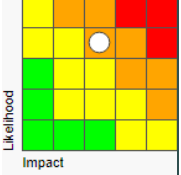
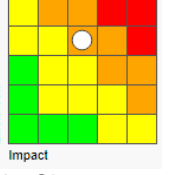
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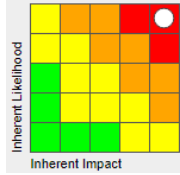
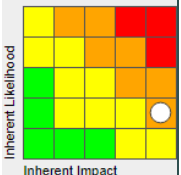


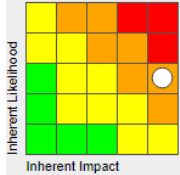
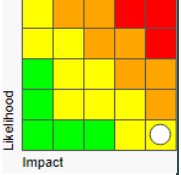
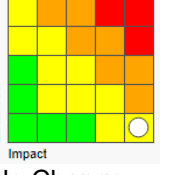
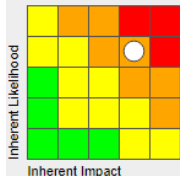
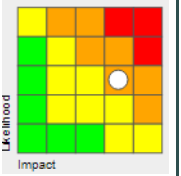
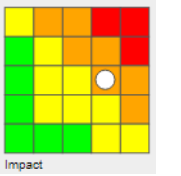
Risk Type & Title	Causes	Impact	Consequence	Inherent Risk	Controls	Residual Risk (Previous Quarter)	Residual Risk (Current)
<b>Pension Administration</b> (Risk appetite - minimalist)  1.Failure to process pension payments and lump sums on time	<ul style="list-style-type: none"> <li>Non-availability of pension / payroll systems</li> <li>Resource unavailable</li> <li>New staff undertaking duties</li> <li>Increased workload</li> <li>Failure to gain relevant information from employers to enable processing</li> </ul>	<ul style="list-style-type: none"> <li>Processing delays</li> <li>Processing errors</li> <li>Retiring members will be paid late</li> <li>Reputational risk for the Fund</li> <li>Breach of statutory requirements</li> </ul>	<ul style="list-style-type: none"> <li>Financial implications for members.</li> <li>Loss of stakeholder confidence.</li> <li>Financial cost to the fund if interest has to be paid to members.</li> <li>Regulatory action</li> </ul>		<ul style="list-style-type: none"> <li>Regular update &amp; maintenance of Altair &amp; Resourcelink</li> <li>Standardised processes &amp; independent review of calculations</li> <li>Sufficient staff cover arrangements</li> <li>Task prioritisation</li> <li>Contingent measures to prevent financial detriment</li> </ul>		 No change

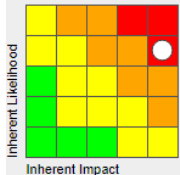
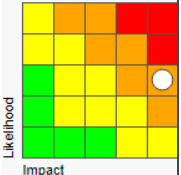
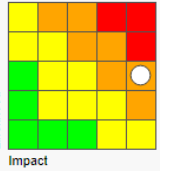
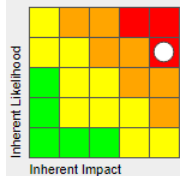
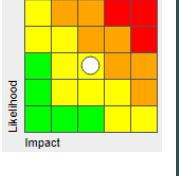
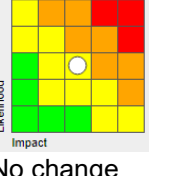
Risk Type & Title	Causes	Impact	Consequence	Inherent Risk	Controls	Residual Risk (Previous Quarter)	Residual Risk (Current)
<b>Funding - Employer related</b> (Risk appetite - cautious)  2.Failure to collect and account for contributions from employers and employees on time	<ul style="list-style-type: none"> <li>Non-availability of financial system (Fund and employer)</li> <li>Resource unavailable</li> <li>New staff undertaking duties</li> <li>Failure to communicate with employers effectively</li> <li>Failure of employer to provide required information</li> <li>Failure of employer to make financial settlement</li> </ul>	<ul style="list-style-type: none"> <li>Adverse audit opinion</li> <li>Breach of statutory requirements</li> <li>Knock on effect on reporting requirements</li> <li>Financial impact as insufficient cashflow to meet monthly pension payments without unplanned sale of assets</li> </ul>	<ul style="list-style-type: none"> <li>Requirement for report of regulatory breach &amp; subsequent action if required</li> <li>Potential delays to employers' FRS17 year-end accounting reports</li> <li>Loss of stakeholder confidence</li> <li>Recovery / legal action required</li> <li>Opportunity cost of lost investment income</li> </ul>		<ul style="list-style-type: none"> <li>Robust maintenance and update of Resourcelink and Authority Financials systems</li> <li>Sufficient staff cover arrangements</li> <li>Staff training and checking of work.</li> <li>Ongoing employer communication to ensure they understand responsibilities to pay by the 19th of the month.</li> <li>Contribution tracker system</li> <li>Introduction of employer contribution payment flexibility within financial year (subject to agreement)</li> </ul>		 No change

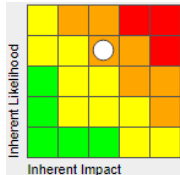
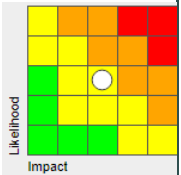
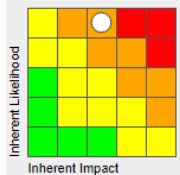
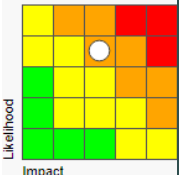
Risk Type & Title	Causes	Impact	Consequence	Inherent Risk	Controls	Residual Risk (Previous Quarter)	Residual Risk (Current)
<b>Funding - Liquidity</b> (Risk appetite - averse)  3. Insufficient funds to meet liabilities as they fall due	<ul style="list-style-type: none"> <li>Contribution levels are inadequate</li> <li>Contributions</li> <li>Investment strategy fails to deliver adequate returns</li> <li>Significant changes in member profile (i.e. rapid maturing of fund liabilities)</li> <li>Significant increases in actuarial assumptions (i.e. longevity).</li> </ul>	<ul style="list-style-type: none"> <li>Rise in employer contribution rate required</li> <li>Unplanned asset sales required to meet</li> <li>Revision of Funding and Investment strategies required</li> </ul>	<ul style="list-style-type: none"> <li>Inability to meet overall strategic objectives</li> <li>Immediate cash injections would be required from employers by means of contributions</li> <li>Reduced funding levels</li> <li>Lost investment income from unplanned asset sales</li> <li>Transaction costs associated with changing strategies</li> </ul>		<ul style="list-style-type: none"> <li>Funding Strategy Statement</li> <li>Investment Strategy</li> <li>Ongoing advice from investment consultants, etc.</li> <li>Suitable policies &amp; strategies in place to prevent</li> <li>Regular monitoring of asset / liability valuations</li> <li>Triennial actuarial valuations</li> </ul>		 No change
<b>Operational</b> (Risk appetite - minimalist)  4. Inability to maintain service due to loss of main office, computer system or staff	<ul style="list-style-type: none"> <li>Fire, bomb, flood, etc.</li> <li>Staff unable to access office (i.e. public health restrictions)</li> <li>IT system / network outage</li> </ul>	<ul style="list-style-type: none"> <li>Temporary loss of service provision.</li> <li>Delayed payments &amp; processing</li> <li>Retiring staff will be paid late</li> <li>Reputational risk for the Fund</li> <li>Breach of statutory requirements</li> </ul>	<ul style="list-style-type: none"> <li>Financial implications for members.</li> <li>Loss of stakeholder confidence.</li> <li>Financial cost to the fund if interest has to be paid to members.</li> <li>Regulatory action</li> </ul>		<ul style="list-style-type: none"> <li>DCC business continuity plan (top priority)</li> <li>Contractual agreement with system provider</li> <li>Daily back up and contingent procedures</li> <li>Back-up server located in different building</li> <li>100% staff remote working capabilities</li> </ul>		 No change

Risk Type & Title	Causes	Impact	Consequence	Inherent Risk	Controls	Residual Risk (Previous Quarter)	Residual Risk (Current)
<b>Operational</b> (Risk appetite - minimalist)  5.Loss of funds through fraud or misappropriation	<ul style="list-style-type: none"> <li>Fraud or misappropriation of funds by staff/employer/ 3<sup>rd</sup> party service provider</li> </ul>	<ul style="list-style-type: none"> <li>Financial loss to the fund</li> <li>Reputational risk for the Fund</li> <li>Adverse audit opinion</li> <li>Breach of statutory requirements</li> <li>Enforcement action</li> </ul>	<ul style="list-style-type: none"> <li>Requirement for report to regulator &amp; subsequent action if required</li> <li>Criminal investigation</li> <li>Loss of stakeholder confidence</li> <li>Recovery / legal action required</li> </ul>		<ul style="list-style-type: none"> <li>Internal and external audit regularly test that appropriate controls are in place and working effectively.</li> <li>Regulatory control reports from investment managers, custodian, etc are also reviewed by audit.</li> <li>Due diligence carried out when a new manager is appointed.</li> <li>Reliance also placed on Financial Conduct Authority registration &amp; requirements.</li> </ul>		 No Change
<b>Funding - Employer related</b> (Risk appetite - cautious)  6.Employers unable to participate in scheme	<ul style="list-style-type: none"> <li>Employer liabilities increase disproportionately as a result of changed member profiling</li> </ul>	<ul style="list-style-type: none"> <li>Employers unable to maintain contributions</li> <li>Employers exit from fund</li> <li>Employer cannot meet</li> </ul>	<ul style="list-style-type: none"> <li>Inability to meet overall strategic objectives</li> <li>Financial loss to fund, triggering asset sales to meet pension payments</li> </ul>		<ul style="list-style-type: none"> <li>Full Actuarial Valuation undertaken every 3 years (employers advised of liability)</li> </ul>		 No Change

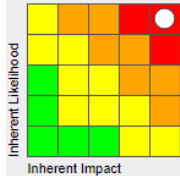
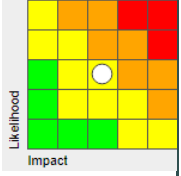
Risk Type & Title	Causes	Impact	Consequence	Inherent Risk	Controls	Residual Risk (Previous Quarter)	Residual Risk (Current)
	<ul style="list-style-type: none"> <li>Employer liabilities increase disproportionately as a result of external factors (i.e. change in bond yields)</li> <li>Reduced asset values in relation to liabilities due to external factors</li> </ul>	liabilities on exit	<ul style="list-style-type: none"> <li>Fund profile changed as a result of employer exit</li> <li>Insolvency of employer</li> <li>Recovery of liabilities in liquidation</li> </ul>		<ul style="list-style-type: none"> <li>Funding Strategy enables exit at minimum risk.</li> <li>Independent covenant and financial settlement assessment on affordability</li> <li>Employer contribution payment flexibility within financial year (subject to agreement)</li> <li>Employer / fund communications and relationship management</li> </ul>		
<b>Funding - Investment</b> (Risk appetite - open)  7. Significant rises in employer contributions due to poor/negative investment returns	<ul style="list-style-type: none"> <li>Poor economic conditions</li> <li>Inappropriate investment strategy</li> <li>Poor selection / performance of investment managers</li> </ul>	<ul style="list-style-type: none"> <li>Financial impact as a result of poor/negative investment returns</li> <li>Revision of investment strategy required</li> <li>Dismissal of investment managers</li> </ul>	<ul style="list-style-type: none"> <li>Inability to meet overall strategic objectives</li> <li>Reduced funding level</li> <li>Increased contributions required</li> <li>Transaction costs on change of strategy or investment manager</li> </ul>		<ul style="list-style-type: none"> <li>Performance &amp; funding levels monitored on an ongoing quarterly basis</li> <li>Investment &amp; Funding strategies reviewed and assessed independently</li> <li>Diversified range of investment managers over</li> </ul>		No change

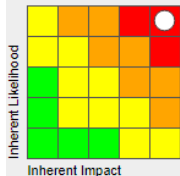
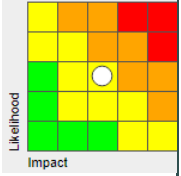
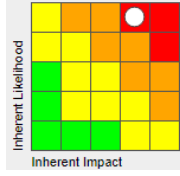
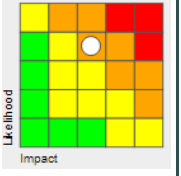
Risk Type & Title	Causes	Impact	Consequence	Inherent Risk	Controls	Residual Risk (Previous Quarter)	Residual Risk (Current)
					different asset classes • 10% asset shock reserve		
<b>Operational</b> (Risk appetite - minimalist)  8.Failure of global custodian	<ul style="list-style-type: none"> <li>Financial collapse of global custodian or failure to safeguard assets or records</li> </ul>	<ul style="list-style-type: none"> <li>Financial loss to the fund.</li> <li>Loss of information required for statutory and accounting purpose</li> </ul>	<ul style="list-style-type: none"> <li>Inability to meet overall strategic objectives</li> <li>Severe service disruption as a result of recovery action</li> <li>Statutory breaches</li> </ul>		<ul style="list-style-type: none"> <li>Legal agreement with custodian.</li> <li>Credit rating monitored on an ongoing basis.</li> <li>Regulated by Financial Conduct Authority.</li> <li>Assets not on custodian balance sheet.</li> </ul>		 No Change
<b>Funding - Investment</b> (Risk appetite - open)  9.Failure of Investment Manager	<ul style="list-style-type: none"> <li>Substantial decline of global financial market</li> <li>Economic factors impacting on asset class</li> <li>Under performance of investment manager</li> </ul>	<ul style="list-style-type: none"> <li>Financial loss to the fund</li> <li>Reduced asset returns</li> <li>Investment outflows from investment manager portfolio</li> <li>Termination of mandate with investment manager</li> </ul>	<ul style="list-style-type: none"> <li>Inability to meet overall strategic objectives</li> <li>Reduced funding level</li> <li>Increased employer contribution levels</li> <li>Required appointment of alternative investment manager</li> <li>Transaction costs associated with change</li> </ul>		<ul style="list-style-type: none"> <li>Performance monitored on an ongoing quarterly basis.</li> <li>Diversified range of asset classes.</li> <li>Advice provided by Investment Consultant.</li> </ul>		 No Change

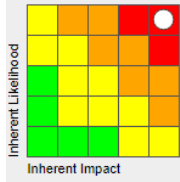
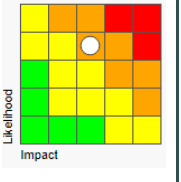
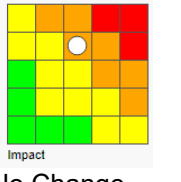
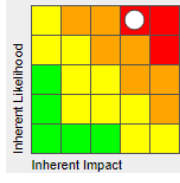
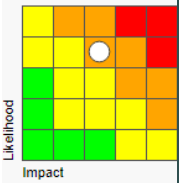
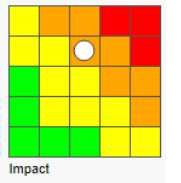
Risk Type & Title	Causes	Impact	Consequence	Inherent Risk	Controls	Residual Risk (Previous Quarter)	Residual Risk (Current)
<b>Funding - Investment</b> (Risk appetite - open)  10.Equity Risk	<ul style="list-style-type: none"> <li>Market sector falls substantially as a result of global economic factors</li> </ul>	<ul style="list-style-type: none"> <li>Financial loss to the fund</li> </ul>	<ul style="list-style-type: none"> <li>Inability to meet overall strategic objectives</li> <li>Reduced funding level</li> <li>Increased employer contribution levels</li> </ul>		<ul style="list-style-type: none"> <li>Performance monitored on an ongoing quarterly basis.</li> <li>Investment strategy with diversified range of asset classes and long-term investment objectives.</li> <li>Advice provided by Investment Consultant.</li> <li>Fund officers remain in close communications with investment managers</li> <li>10% volatility reserve</li> </ul>		 No Change
<b>Governance</b> (Risk appetite - minimalist)  11.Failure to comply with changes to LGPS regulations and other new regulations / legislation  Specifically: <ul style="list-style-type: none"> <li>GMP</li> <li>McCloud</li> <li>Pensions Dashboard</li> </ul>	<ul style="list-style-type: none"> <li>Significant changes to scheme &amp; regulations which staff are unfamiliar with</li> <li>Failure in readiness for changes</li> <li>Lack of technical expertise / training</li> </ul>	<ul style="list-style-type: none"> <li>Incorrect calculations</li> <li>Delays in processing</li> <li>Statutory breaches</li> <li>Reputational risk</li> </ul>	<ul style="list-style-type: none"> <li>Financial implications for members.</li> <li>Loss of stakeholder confidence.</li> <li>Financial cost to the fund if interest has to be paid to members.</li> <li>Regulatory action</li> </ul>		<ul style="list-style-type: none"> <li>Verification process in place within Pensions section</li> <li>Staff training</li> <li>Audited key processes reviewed prior to significant changes</li> <li>Recruitment exercises as required</li> </ul>		 No change

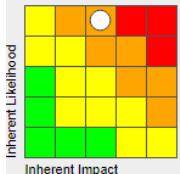
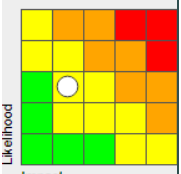
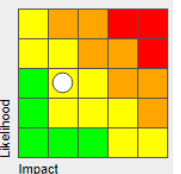
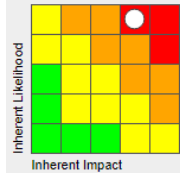
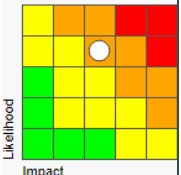
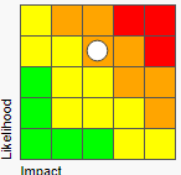
Risk Type & Title	Causes	Impact	Consequence	Inherent Risk	Controls	Residual Risk (Previous Quarter)	Residual Risk (Current)
	<ul style="list-style-type: none"> <li>Inadequate procedures / process</li> <li>Lack of resources</li> <li>Error in interpreting requirements</li> <li>IT systems not updated to reflect changed requirements</li> </ul>				<ul style="list-style-type: none"> <li>Robust system maintenance &amp; upgrade</li> <li>Specialist advice used as required to ensure correct interpretation</li> <li>Performance monitoring</li> <li>Project management for implementation of key changes / exercises</li> </ul>		
<b>Governance</b> (Risk appetite - minimalist)  12.Failure to comply with governance best practice  Specifically: <ul style="list-style-type: none"> <li>TPR New Draft Code of Practice</li> <li>TPR Good Governance project outcomes</li> </ul>	<ul style="list-style-type: none"> <li>Failure to implement requirements</li> <li>Inadequate processes / procedures</li> <li>Inadequate training as to changed requirements</li> </ul>	<ul style="list-style-type: none"> <li>Breach of statutory requirements</li> <li>Sub-standard service to members and employers</li> <li>Reputational risk for the Fund</li> </ul>	<ul style="list-style-type: none"> <li>Regulatory action</li> <li>Loss of stakeholder confidence</li> </ul>		<ul style="list-style-type: none"> <li>Staff training</li> <li>Audited key processes reviewed prior to significant changes</li> <li>Specialist review and advice</li> </ul>		No Change
<b>Pension Administration</b> (Risk appetite - minimalist)  13.Failure to provide quality service to members	<ul style="list-style-type: none"> <li>Inadequate administration &amp; communication policies</li> <li>Lack of resources</li> </ul>	<ul style="list-style-type: none"> <li>Reputational risk for the Fund</li> <li>Processing delays &amp; errors</li> <li>Late payments</li> </ul>	<ul style="list-style-type: none"> <li>Financial implications to members</li> <li>Loss of stakeholder confidence</li> </ul>		<ul style="list-style-type: none"> <li>Key policies reviewed and updated annually or sooner if required</li> <li>Recruitment exercises as required in</li> </ul>		No Change

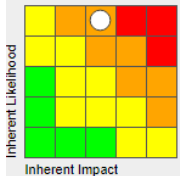
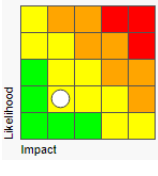
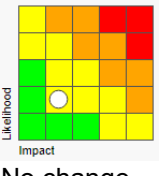
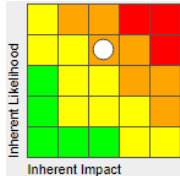
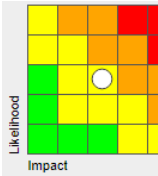
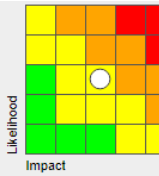


Risk Type & Title	Causes	Impact	Consequence	Inherent Risk	Controls	Residual Risk (Previous Quarter)	Residual Risk (Current)
	<ul style="list-style-type: none"> <li>Lack of staff skills / knowledge</li> <li>Lack of training</li> <li>Ineffective processes &amp; procedures</li> <li>Poor communication documentation</li> <li>Unanticipated workloads</li> </ul>	<ul style="list-style-type: none"> <li>Sub-optimal decision making</li> <li>Reputational risk for the Fund</li> </ul>			<ul style="list-style-type: none"> <li>keeping with statutory requirements</li> <li>Ongoing staff training and support</li> <li>Key processes audited and reviewed annually</li> <li>Communication / documentation reviewed regularly and updated</li> <li>Weekly work allocation to prioritise and avoid bottlenecks</li> </ul>		
<b>Operational</b> (Risk appetite - minimalist)  14.Failure to hold personal data securely	<ul style="list-style-type: none"> <li>Insufficient system abilities re security of data</li> <li>Sub-standard retention processes &amp; procedures</li> <li>Inadequate data retention policy, backup and recovery procedures</li> <li>Change of retention requirements</li> </ul>	<ul style="list-style-type: none"> <li>Data lost or compromised</li> <li>Incorrect member records</li> <li>Processing delays &amp; errors</li> <li>Retiring staff will be paid late</li> <li>Reputational risk for the Fund</li> <li>Breach of statutory</li> </ul>	<ul style="list-style-type: none"> <li>Financial impact to members</li> <li>Loss of stakeholder confidence.</li> <li>Financial cost to the fund if interest has to be paid to members.</li> <li>Regulatory action</li> </ul>		<ul style="list-style-type: none"> <li>Data security system settings &amp; controls</li> <li>Data retention policy &amp; processes / back up &amp; recovery procedures</li> </ul>		No Change

Risk Type & Title	Causes	Impact	Consequence	Inherent Risk	Controls	Residual Risk (Previous Quarter)	Residual Risk (Current)
		requirements					
<b>Operational</b> (Risk appetite - minimalist)  15.Cybercrime	<ul style="list-style-type: none"> <li>Inadequate system abilities re security of data</li> <li>Inadequate controls and security protocol</li> </ul>	<ul style="list-style-type: none"> <li>Data lost or compromised</li> <li>Incorrect member records</li> <li>Processing delays &amp; errors</li> <li>Retiring staff will be paid late</li> <li>Reputational risk for the Fund</li> <li>Breach of statutory requirements</li> </ul>	<ul style="list-style-type: none"> <li>Financial impact to members</li> <li>Loss of stakeholder confidence.</li> <li>Financial cost to the fund if interest has to be paid to members.</li> <li>Regulatory action</li> </ul>		<ul style="list-style-type: none"> <li>Data security system settings &amp; controls</li> <li>Data back-up &amp; recovery procedures</li> </ul>		No Change
<b>Pension Administration</b> (Risk appetite - minimalist)  16.Failure to keep pension records up-to-date and accurate	<ul style="list-style-type: none"> <li>Non-availability of pension / payroll systems</li> <li>Resource unavailable</li> <li>New staff undertaking duties</li> <li>Increased workload</li> <li>Failure to gain relevant information</li> </ul>	<ul style="list-style-type: none"> <li>Processing delays</li> <li>Processing errors</li> <li>Retiring members will be paid late</li> <li>Reputational risk for the Fund</li> <li>Breach of statutory requirements</li> </ul>	<ul style="list-style-type: none"> <li>Financial implications for members</li> <li>Loss of stakeholder confidence</li> <li>Financial cost to the fund if interest has to be paid to members</li> <li>Regulatory action</li> </ul>		<ul style="list-style-type: none"> <li>System contingency / recovery prioritised</li> <li>Service prioritisation / allocation</li> <li>Staff training</li> <li>Scheduled communications / updates from employers</li> </ul>		No Change

Risk Type & Title	Causes	Impact	Consequence	Inherent Risk	Controls	Residual Risk (Previous Quarter)	Residual Risk (Current)
	from employers to enable processing						
<b>Governance</b> (Risk appetite - minimalist)  17.Lack of expertise on Pension Committee, Pension Board or amongst officers	<ul style="list-style-type: none"> <li>Lack of training &amp; continuous professional development</li> <li>Loss of key individuals</li> </ul>	<ul style="list-style-type: none"> <li>Detrimental decision making</li> <li>Reputational risk for the Fund</li> <li>Breach of statutory requirements</li> <li>Failure to meet objectives</li> </ul>	<ul style="list-style-type: none"> <li>Financial loss</li> <li>Inability to meet overall strategic objectives</li> <li>Increase in employer contribution requirements</li> <li>Regulatory action</li> <li>Loss of stakeholder confidence</li> </ul>		<ul style="list-style-type: none"> <li>Key policies and governance arrangements independently audited and reviewed</li> <li>Key officer meets Markets in Financial Instruments Directive (MIFID) professional investor requirements</li> <li>Training &amp; support</li> <li>External specialist advice</li> </ul>		 No Change
<b>Governance</b> (Risk appetite - minimalist)  18.Over reliance on key officers	<ul style="list-style-type: none"> <li>Loss of key individuals</li> <li>Inability to recruit individuals with specialist skills &amp; experience</li> <li>Inadequate governance arrangements</li> <li>Lack of specialist</li> </ul>	<ul style="list-style-type: none"> <li>Detrimental decision making</li> <li>Reputational risk for the Fund</li> <li>Breach of statutory requirements</li> <li>Failure to meet objectives</li> </ul>	<ul style="list-style-type: none"> <li>Financial loss</li> <li>Inability to meet overall strategic objectives</li> <li>Increase in employer contribution requirements</li> <li>Regulatory action</li> <li>Loss of stakeholder confidence</li> </ul>		<ul style="list-style-type: none"> <li>Key policies and governance arrangements independently audited and reviewed</li> <li>Knowledge &amp; experience of staff</li> <li>External specialist advice</li> </ul>		 No Change

Risk Type & Title	Causes	Impact	Consequence	Inherent Risk	Controls	Residual Risk (Previous Quarter)	Residual Risk (Current)
	advisors to support				<ul style="list-style-type: none"> <li>Peer support from other LGPS</li> </ul>		
<b>Governance</b> (Risk appetite - minimalist)  19. Failure to communicate adequately with stakeholders	<ul style="list-style-type: none"> <li>Inadequate communication policy</li> <li>Inadequate processes &amp; protocols with employers and scheme members</li> </ul>	<ul style="list-style-type: none"> <li>Scheme members not aware of their rights</li> <li>Employers not aware of regulations, procedures, etc.</li> <li>Reputational risk</li> <li>Breach of statutory requirements</li> </ul>	<ul style="list-style-type: none"> <li>Sub-optimal decision making resulting to financial detriment of members</li> <li>Errors in members calculations</li> <li>Loss of stakeholder confidence</li> <li>Regulatory action</li> </ul>		<ul style="list-style-type: none"> <li>Communications policy</li> <li>Standard documentation &amp; communications</li> <li>Website information</li> <li>Standard key processes &amp; protocols</li> <li>Employer communications (e mails / info sessions / documentation / guidance)</li> <li>Adequately trained staff</li> </ul>		 No Change
<b>Funding - Employer related</b> (Risk appetite - cautious)  20. Employer Covenant Risk	<ul style="list-style-type: none"> <li>Change in employer actuarial profile which has resulted in significant increase in liability</li> <li>Unsuitable guarantee / financial health of employer</li> </ul>	<ul style="list-style-type: none"> <li>Employers unable to financially provide for exit liability</li> </ul>	<ul style="list-style-type: none"> <li>Inability to meet overall strategic objectives</li> <li>Financial impact on overall funding level</li> <li>Remaining employers required to accommodate the shortfall via increased contribution</li> </ul>		<ul style="list-style-type: none"> <li>Government or local authority guarantees, bonds or securities over assets</li> <li>Independent covenant review and financial assessments to identify</li> <li>Funding strategy to enable exit at minimal risk to</li> </ul>		 No Change

Risk Type & Title	Causes	Impact	Consequence	Inherent Risk	Controls	Residual Risk (Previous Quarter)	Residual Risk (Current)
					remaining employers <ul style="list-style-type: none"> <li>Affordable payment schedule independently assessed</li> </ul>		
<b>Governance</b> (Risk appetite - minimalist)  21.Risks in relation to use of 3 <sup>rd</sup> party service providers	<ul style="list-style-type: none"> <li>Inadequate policy</li> <li>Poor due diligence and selection processes</li> <li>Poor contract management</li> </ul>	<ul style="list-style-type: none"> <li>Poor decision making</li> <li>Failure of supplier adhering to contractual agreement</li> <li>Reputational risk</li> </ul>	<ul style="list-style-type: none"> <li>Financial detriment to the fund</li> <li>Loss of stakeholder confidence</li> </ul>		<ul style="list-style-type: none"> <li>Procurement policy</li> <li>Contracts database</li> <li>Documented contract management protocol</li> <li>Use of national frameworks</li> </ul>		 No change
<b>Funding - ESG</b> (Risk appetite - cautious)  22.Failure to implement ESG Policy (specifically in relation to Climate Change and incoming requirements of TCFD)	<ul style="list-style-type: none"> <li>Inadequate policy &amp; practices</li> <li>Failing to understand incoming requirements</li> <li>Failing to plan and implement changes required</li> <li>Lack of knowledge &amp; skills</li> </ul>	<ul style="list-style-type: none"> <li>Poor decision making</li> <li>Non-compliant actions being taken</li> <li>Statutory breach</li> <li>Reputational risk</li> </ul>	<ul style="list-style-type: none"> <li>Failing to meet strategic objectives</li> <li>Regulatory action</li> <li>Loss of stakeholder confidence</li> </ul>		<ul style="list-style-type: none"> <li>Regularly reviewed policies, processes and reporting</li> <li>Project plans to meet changing requirements</li> <li>Specialist advice as required</li> <li>Training</li> </ul>		 No Change

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**ITEM No ...5.....**

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

**REPORT ON: PENSION ADMINISTRATION PERFORMANCE – UPDATE TO 30 JUNE 2025**

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

**REPORT NO: 254-2025**

### 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 above period.

### 2. RECOMMENDATIONS

Members are asked to note the contents of the report.

### 3. FINANCIAL IMPLICATIONS

There are no direct financial implications.

### 4. BACKGROUND

This report focusses 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 <sup>(1)</sup>			Completed <sup>(2)</sup>			Statute Days <sup>(3)</sup>	Average Days to Complete Q1 <sup>(4)</sup>	Cases Completed Out with Statute <sup>(5)</sup>
	Q4	Q1	% Change	Q4	Q1	% Change			
Starter	1530	958	-37%	1558	915	-41%	60	5	0
Estimate	195	145	-26%	144	162	13%	60	49	40
Options	506	483	-5%	470	389	-17%	60	38	25
Actual	323	287	-11%	343	334	-3%	60	18	0
TV In	25	28	12%	32	31	-3%	60	33	2
TV Out	120	138	15%	132	135	2%	90	47	5
Deferred	169	225	33%	199	310	56%	60	42	60
Death	224	153	-32%	233	147	-37%	60	12	0
Death Grant	34	26	-24%	46	44	-4%	60	38	3
Dependant	66	57	-14%	62	64	3%	60	23	0
Divorce	11	15	36%	13	13	0%	90	36	0
<b>Total</b>	<b>3,203</b>	<b>2,515</b>	<b>-21%</b>	<b>3,232</b>	<b>2,544</b>	<b>-21%</b>			<b>135</b>

Key:

Q4 denotes January to March 2025 period.

Q1 denotes April to June 2025 period.

- 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 take 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:

There was a decrease of 21% in both the cases received and completed over the period. Key staff continue to assist with the McCloud rectification data and processing time, and volumes were affected by staff absence in this quarter.

### Prioritised Tasks:

- **Issue of Pension Options & Pensions Brought into Payment**
  - The team continue to prioritise the payment of member benefits with the average days to complete remaining below statue.
  - All actuals were processed within the statutory days, however there were 25 options completed out with statue, and this was a contributing factor of staff absence despite the best efforts of the team.
- **Processing of Death Benefits, Payments of Death Grants, and Dependant Pensions**
  - Cases received decreased on all areas in the quarter.
  - Deaths and Dependents had all cases completed within the statutory time frame, however death grants had 3 cases completed out with statue due to the sensitive and complex nature of some cases and the requirement to request additional information prior to payment.

### Other Statutory Tasks:

- **New Member Processing:** Case numbers dropped in both the received and completed this period. The workflow system in operation continues to keep the average processing days low.
- **Estimates:** There was an increase by 13% of number of estimates completed, however there were 40 cases completed out with statue timeframe, staff absence was a contributing factor despite the best efforts of the team.
- **Deferred Member Processing:** The number of cases received in the quarter increased by 33% and there was also a 56% increase in the number of cases completed. Some cases continue to be complex in this area as the team communicate with the employers for information to calculate the member benefits and this is a contributing factor to the 60 cases being completed out with statue.
- **Outbound Benefit Transfers:** There was an increase in case volumes in this quarter and the average days to complete decrease to 47 days.
- **Inbound Benefit Transfers:** The number of cases received in this quarter increase by 13%.
- **Divorces:** There was an increase of 36% in case received, however, cases completed stayed the same as the last quarter.

### 5.1 Other Pension Operations

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



	Received <sup>(1)</sup>			Completed <sup>(2)</sup>			Days to complete <sup>(3)</sup>		
	Q4	Q1	% Change	Q4	Q1	% Change	Q4	Q1	% Change
Amendment to Account	1731	2072	20%	762	568	-25%	9	12	42%
Certificates	85	239	181%	83	217	161%	20	22	10%
Other Admin Tasks	1627	1308	-20%	1702	1286	-24%	38	76	102%
Other pensions processing	846	1892	124%	527	1521	189%	246	214	-13%

Q4 denotes January to March 2025 period.

Q1 denotes April to June 2025 period.

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 take to complete each case during the quarter and movement %

Staff training and recruitment continues to have an impact on the case numbers, although we are continuing to see improvements in these areas.

## 5.2 Employer Contributions

For the period April-June covering the payroll periods of March-May we received 1 Late payment and 2 late submissions of the TPF91 form to the fund. These were received after prompting the employers.

Two admitted employer bodies exited Tayside Pension Fund in the quarter. Idverde left the scheme on 30 April 2025, and Dovetail Enterprises exited on 9 May 2025. Tayside Pension Fund are working with the administrators of Dovetail regarding outstanding contribution.

### Employers and Member Online Portals:

#### 5.3 Member Self Service Update

On 30<sup>th</sup> June 2025 we had 18,493 members registered for the Member Self Service Portal, which is an increase of 461 user from the last period.

As advised in the previous report we will be moving over to the new Heywood Member Self Service system named Engage later this year due to the removal of the current system. Staff have been working with Heywood on this and training is scheduled within the team in August. A go live date will be confirmed in due course which will then allow the required notification to be issued to members on how to register to access Engage.

#### 5.4 I-Connect Update

There were 37 Employers who submitted monthly uploads through the i-Connect system during the period. All employers have been advised that this year we expect all uploads to be completed using I-Connect from April 2025, however, we are still working with some larger employers on issues with the data being received.

#### 5.5 Call Centre

There was a drop in calls received this quarter to the call centre. 2,888 were received, which is a drop of 1.6%. However, the total hours on calls increased by 23 hours to 555 hours in total, and this continues to be a significant resource requirement within the team.

## 5.6 Compliance

National Fraud Initiative: 6 overpayments totalling £14,031.25 were identified from the 2024/25 exercise. Letters requesting the overpayment have been issued for 5 of the overpayments to family members and as at the end of the quarter, one response has been received. A generic letter to establish executor details was issued for the 1 overpayment where no additional information could be provided.

## 5.7 Recruitment

- The successful candidates for both the Pension Assistant and Assistant IT/Systems Process Analysis started on the 1<sup>st</sup> May 2025
- Interviews for Clerical Assistant took place in May and the successful candidate will start in the next quarter.
- The review into resources and structure is ongoing and further updates will be provided as this progresses.

## 5.8 Queries & Complaints

- 4,534 emails were received into the generic mailbox in the quarter up to 30<sup>th</sup> June 2025, this equated to approximately 70 emails per working day. Emails continue to be a significant work allocation and is an area which is being reviewed as part of the resourcing exercise.
- Complaints to Prudential: None
- Complaints to Standard Life: one received which was upheld
- Complaints to TPF: one received which was partially upheld
- GDPR: There was one data breach

## 5.9 Staff Training

- In House Training

In house training continues to be undertaken in the team, with peer-to-peer training being provided by experience staff. This will be reviewed in the wider resource review.

## 5.10 Employers meetings

An Employer Forum took place on the 6<sup>th</sup> May where all employers were invited to discuss the topics of:

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

## 5.11 Annual Pension Increase

The 2025 Pensions Increase was applied to all pensioners with effect from 7<sup>th</sup> April 2025. The percentage increase was 1.7%. For Pensioners, this provided them with a partial increase for April of 6 days at the old rate and 24 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.

## 5.12 End of Year Update

At the 30<sup>th</sup> June 2025:

- 2 employers have submitted a first version end of year file
- 38 employers have uploaded all submissions for the end of year.

Employers who had not uploaded all submissions had queries or issues on the files, and these were awaiting resolution.

### **5.13 Pension debit GAD guidance**

The Scottish Public Pensions Agency issued updated GAD guidance on pension debits to administering authorities. The guidance, which was received on the 23 April 2025 and has immediate effect. The guidance outlines the method for calculating pension debits where the cash equivalent valuation was increased due to the underpin. The method aligns with that used in LGPS England and Wales. Minor changes and corrections were also made.

### **5.14 Rectification Regulations 2025**

#### **Public Service Pension Schemes (Rectification of Unlawful Discrimination) (Tax) Regulations 2025**

HM Treasury laid the regulations on the 3 April 2025, and the regulations came into force on 24 April 2025. The regulations modify the existing rules to prevent adverse tax consequences when implementing the McCloud remedy. Most of the regulations deal with changes related to unauthorised payments in 'Chapter 1 schemes' and do not apply to the LGPS. However, the following changes do:

- Regulation 19: the deadline for members with remediable service to apply for fixed protection 2016 or individual protection 2016 is extended. Members must apply before 6 April 2027, rather than before 6 April 2025.
- Regulation 20(5): administering authorities were required to recalculate previous annual allowance calculations disregarding the underpin. Where a recalculation reduces the annual allowance charge and the administering authority has paid some or all of it on the member's behalf, the authority may apply to HMRC for a refund on or before 1 April 2027. Regulation 20(5) has extended this to 31 January 2031.
- Regulation 20(6): makes a minor amendment to regulation 31 of the Public Service Pension Schemes (Rectification of Unlawful Discrimination) (Tax) Regulations 2023 to cross reference the correct section of the Income Tax (Earnings and Pensions) Act 2003.
- Regulation 20(8): The deadline for members to request a valuation for individual protection 2016 from their pension scheme administrator expired on 6 April 2020. However, under regulation 39 of the Public Service Pension Schemes (Rectification of Unlawful Discrimination) (Tax) Regulations 2023, no deadline applied in relation to information calculated by reference to remediable service. Regulation 20(8) amends this, setting a deadline of 6 April 2027

### **5.15 Legislation planned in response to the Virgin Media judgment**

The Government has confirmed that it will bring forward legislation to deal with issues arising from the Virgin Media v NTL Pension Trustees judgment. The High Court ruled in 2023 that amendments of pension schemes rules in respect of Section 9(2B) rights were void unless the scheme actuary certified that the scheme still met the contracting-out adequacy test. The Court of Appeal considered one area of the ruling in 2024 and upheld the High Court decision. The Government will introduce legislation to allow pension schemes to obtain actuarial certification retrospectively. You can read more about Retrospective actuarial confirmation of benefit changes on the GOV.uk website.

### **5.16 Pension Schemes Bill 2024/25**

The Pension Schemes Bill was introduced in Parliament and given its first reading in the House of Commons on 5 June 2025. A date for its second reading has not yet been announced.

Chapter 1 of Part 1 of the Bill sets out proposed changes to the LGPS, following the Government's response to the 'Fit for the Future' consultation (LGPS England and Wales). Certain clauses would give the Government new powers to make regulations affecting the LGPS:

#### **Clauses 1 to 4 do not apply to LGPS Scotland.**

- Clause 1: asset pool companies
- Clause 2: management of LGPS funds and other assets

- Clause 3 of the Bill proposes an exemption from certain public procurement rules for investment management activities carried out by asset pool companies.
- Clause 4: independent governance reviews
- Section 5: mergers, including compulsory mergers, of two or more LGPS funds.
- Clause 93 is also relevant for the LGPS. This clause addresses a legal issue raised in a 2023 Court of Appeal case - The Pensions Ombudsman v CMG Pension Trustees Limited & Anor. The Court ruled that the Pensions Ombudsman is not a 'competent court' for enforcing monetary obligations under section 91(6) of the Pensions Act 1995.

The Bill includes other measures that do not affect the LGPS

### **5.17 McCloud**

Tayside Pension Fund continue to work with employers to obtain relevant data, check qualifying criteria and update member records which will then allow the adjustment of any qualifying underpins to be calculated and applied to member benefits. This exercise is still ongoing as some employers have not provided the data and others have outstanding queries which are being worked through.

Once the data is input in our system the fund is expected to prioritise certain classes of members in accordance with SPPA guidance.

### **5.18 Pension Dashboard**

Following on from the kick off call with Heywood who are providing the ISP (Integrated Service Provider) for Tayside Pension Fund to connect to the Pension Dashboard, testing has commenced on the dashboard along with looking at member matching criteria.

Member AVC data will also be available on the Dashboard, and the necessary data has been requested from both Prudential and Standard Life for reconciliation and testing.

There is staged connection dates set by the DWP and for Local Government Pension Scheme's the deadline is October 2025.

## **6. REGULATIONS**

Details of regulatory matters are contained in Appendix 1.

## **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. CONSULTATIONS**

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**

**15 September 2025**

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**REGULATORY COMMUNICATIONS****Website Updates****LGPS website for funds in Scotland**

[LGPS Regulations and Guidance](#)

**HMRC**

- [Pensions schemes newsletter 169 — April 2025 - GOV.UK](#)
- [Pensions schemes newsletter 170 — May 2025 - GOV.UK](#)
- [Public service pensions remedy newsletter — June 2025 - GOV.UK](#)
- [Pension schemes rates - GOV.UK](#)

**Pension Dashboards**

- TPR publishes updated dashboards guidance  
[Connecting to pensions dashboards | The Pensions Regulator](#)

[Pension savers call on schemes to get dashboard-ready in new video | The Pensions Regulator](#)

**The Pension Regulator (TPR)**

[Fighting pension fraud webinar 2025 | The Pensions Regulator](#)

[Local government schemes – Delivery of remediable service information | The Pensions Regulator](#)

**Scheme Advisory Board**

Scotland Updates

[SAB-Bulletin-May-2025.pdf](#)

England & Wales updates

[LGPS Scheme Advisory Board - Home](#)

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

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

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

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

**REPORT NO:** 255-2025

**1 PURPOSE OF REPORT**

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

**2 RECOMMENDATIONS**

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

**3 FINANCIAL IMPLICATIONS**

None.

**4 MAIN TEXT**

**4.1 Introduction**

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

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

**4.2 External Auditor's Annual Audit Report**

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

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

**4.3 Conclusions**

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

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

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

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

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

## **5 POLICY IMPLICATIONS**

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

## **6 CONSULTATIONS**

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

## **7 BACKGROUND PAPERS**

None

**PAUL THOMSON**  
**EXECUTIVE DIRECTOR OF CORPORATE SERVICES**

**15 SEPTEMBER 2025**



Draft Audited

# Annual Report and Accounts

**2024/25**

# Tayside

**Pension Fund**

*Administered by Dundee City Council*

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## ABOUT THE FUND

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

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

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

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



**Foreword by the Executive Director of Corporate Services**

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

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

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

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

**Paul Thomson**  
**Executive Director of Corporate Services**



### **Report by the Chair of the Pension Sub-Committee**

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

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

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

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

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

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

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

**Bailie Willie Sawers**  
**Chair of Pension Sub-Committee**



### **Report by the Chair of the Pension Board**

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

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

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

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

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

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

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

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



## MANAGEMENT COMMENTARY

### Introduction

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

### Purpose and Aims

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

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

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

### Policies, Strategies & Objectives

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

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

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

Further information can be found at our website:

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

### 2024/2025 Events and Activities

#### Investment

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

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

### Changes to Regulation / Legislation

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

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

### Consultations

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

### I.T. Developments

- I-Connect

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

- Member Self Service

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

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

- Contact Centre

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

- Altair Database Server upgrade

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



## Management Commentary

### Training, Development and Communication

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

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

## Management Commentary

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

- Staff Training

The following training was provided to staff:

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

## Management Commentary

- Employer / Members Sessions

The following sessions were held online over the year:

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

### Working Arrangements

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

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

### Fund Update

#### Membership

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

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

#### Membership Funding

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

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

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

## Performance

- Fund Investment

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

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

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

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

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

- Administration

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

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

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

## Risk Management

- Risk Management Policy & Strategy

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

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

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

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

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

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

### Future Outlook

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

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

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

## Management Commentary

A summary of the main statements is provided below:

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

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

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

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

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

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**Paul Thomson**  
Executive Director of Corporate  
Services  
Dundee City Council

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**Gregory Colgan**  
Chief Executive  
  
Dundee City Council

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

## Management Commentary

## TAYSIDE PENSION FUND STATISTICS

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

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

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

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

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

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



## THE MANAGEMENT OF TAYSIDE PENSION FUND

### Pension Sub-Committee

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

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

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

All committee members are members of Tayside Pension Fund.

### Local Pension Board

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

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

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

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

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

\* appointed on 17 March 2025.

\*\* stood down as Chairperson on 17 March 2025.

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



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

### **Tayside Pension Fund Officers**

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

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

\* resigned on 31 March 2025.

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

### **Scheme Advisory Board**

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

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

### **Fund Managers**

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

### **Investment Advisor**

#### **Actuary**

#### **Custodian**

#### **System Provider**

#### **Banker**

#### **Auditors**

#### **Corporate Governance Advisor**

#### **Performance Measurement**

#### **Legal**

#### **Covenant Advisor**

ISIO Services Ltd  
Barnett Waddingham  
Northern Trust  
Aquila Heywood Ltd  
Royal Bank of Scotland  
Audit Scotland (external), PwC (internal)  
Pension & Investment Research Consultants Ltd (PIRC)  
Northern Trust  
CMS Cameron McKenna Nabarro Olswang LLP  
PwC

## ANNUAL GOVERNANCE STATEMENT

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

### Role of the Administering Authority

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

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

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

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

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

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

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

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

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

### **Internal Audit and other governance measures**

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

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

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

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

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

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

- Outsourcing / Third Party Management arrangements
- Investment Strategy

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

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

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

## Scope of Responsibility

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

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

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

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

## The Governance Framework

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

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

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

The overall control arrangements include:

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

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

### Review of Effectiveness

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

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

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

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

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

### Continuous Improvement Agenda

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

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

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

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

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

Information on the Fund is available from the following links:

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

[https://www.dundeeecity.gov.uk/minutes/meetings?in\\_cc=35&in\\_dat=2](https://www.dundeeecity.gov.uk/minutes/meetings?in_cc=35&in_dat=2)

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

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

### Conclusion

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

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**Gregory Colgan**

Chief Executive  
Dundee City Council

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**Bailie Willie Sawers**

Chair of Pension Sub-Committee  
Tayside Pension Fund



## GOVERNANCE COMPLIANCE STATEMENT

### 1. Role and Responsibilities

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

The main functions are:

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

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

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

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

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

### 2. Delegation

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

### 3. Terms of Delegation

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

### 4. Committee Meetings

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

[https://www.dundee.gov.uk/minutes/meetings?in\\_cc=35&in\\_dat=2](https://www.dundee.gov.uk/minutes/meetings?in_cc=35&in_dat=2)

### 5. Representation

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

### 6. Compliance

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

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



GOVERNANCE COMPLIANCE STATEMENT 24/25		
Principle	Compliance	Comment
<b>Structure</b>		
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.
<b>Committee Membership and Representation</b>		
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.	✓	<p>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.</p> <p>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.</p>
<b>Selection and Role of Lay Members</b>		
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.	✓	<p>Members are made aware of the full details of status, role and function prior to selection and appointment.</p> <p>This area is also covered in their training program.</p> <p>Local authority members are subject to the code of conduct of their respective council.</p> <p>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.</p>
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.
<b>Voting</b>		
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.	✓	<p>All Pension Sub-Committee members have voting rights. This is detailed in the Tayside Pension Funds Statement of Investment Principles.</p> <p>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.</p>
<b>Training / Facility Time / Expenses</b>		
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.	✓	<p>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.</p> <p>Costs and expenses incurred are met by the Pension Fund.</p> <p>The Scheme Manager recognises that effective financial administration and decision-making can only be achieved where those involved have the requisite knowledge and skills.</p>
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.
<b>Meetings (Frequency/Quorum)</b>		
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.
<b>Access</b>		
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.
<b>Scope</b>		
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.
<b>Publicity</b>		
That administering authorities have published details of their governance arrangements in such a way that stakeholders with an interest in the way in which the scheme is governed, can	✓	Governance Policy Statement was approved in May 2009, following consultation with all employers. The governance arrangements may be viewed on the Fund's website at: <a href="https://www.taysidepensionfund.org/about-the-scheme/about-the-pension-fund/">https://www.taysidepensionfund.org/about-the-scheme/about-the-pension-fund/</a>

express an interest in wanting to be part of those arrangements.		
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**Gregory Colgan**  
Chief Executive  
Dundee City Council

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

## RISK POLICY & STRATEGY

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

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

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

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

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

## STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

### The Administering Authority's Responsibilities

The Authority is required to:

- Make arrangement for the proper administration of the financial affairs of the Pension Fund in its charge and to secure that one of its officers has the responsibility for the administration of those affairs (section 95 of the Local Government (Scotland) Act 1973). In this authority, that officer is the Executive Director of Corporate Services.
- Manage its affairs to secure economic, efficient, and effective use of its resources and safeguard its assets.
- Ensure the Annual Accounts are prepared in accordance with legislation (The Local Authority Accounts (Scotland) Regulations 2014), and so far, as is compatible with that legislation, in accordance with proper accounting practices (section 12 of the Local Government in Scotland Act 2003).
- Delegate authority to the Pension Sub-committee to review and approve Pension Fund annual accounts.
- The annual accounts will be presented for consideration to the Pension sub-committee at its meeting of 23 June 2025 and the audited accounts will be submitted to the Pension sub-committee to be approved for signing no later than 30 September 2025.

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**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 2025).

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

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

The Executive Director of Corporate Services has also:

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

**Statement of Accounts**

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

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**Paul Thomson CPFA**  
Executive Director of Corporate Services  
Dundee City Council

## INDEPENDENT AUDITOR'S REPORT

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

#### Reporting on the audit of the financial statements

##### Opinion on financial statements

I certify that I have audited the financial statements in the annual report of Tayside Pension Fund (the fund) for the year ended 31 March 2025 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Fund Account, the Net Assets Statement and notes to the financial statements, including a summary of material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards, as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 (the 2024/25 Code).

In my opinion the accompanying financial statements:

- give a true and fair view of the financial transactions of the fund during the year ended 31 March 2025 and of the amount and disposition at that date of its assets and liabilities;
- have been properly prepared in accordance with UK adopted international accounting standards, as interpreted and adapted by the 2024/25 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

##### Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](#) approved by the Accounts Commission for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I was appointed by the Accounts Commission on 3 April 2024. My period of appointment is four years, covering 2023/24 to 2026/27. I am independent of the fund in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the council as administering authority for the fund. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

##### Conclusions relating to going concern basis of accounting

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

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

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

##### Risks of material misstatement

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

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

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



In preparing the financial statements, the Executive Director of Corporate Services is responsible for assessing the fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention to discontinue the fund's operations.

The Pension Sub-Committee is responsible for overseeing the financial reporting process.

### **Auditor's responsibilities for the audit of the financial statements**

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

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

- using my understanding of the local government sector to identify that the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, the Local Government in Scotland Act 2003, and The Local Government Pension Scheme (Scotland) Regulations 2018 as amended are significant in the context of the fund;
- inquiring of the Executive Director of Corporate Services as to other laws or regulations that may be expected to have a fundamental effect on the operations of the fund;
- inquiring of the Executive Director of Corporate Services concerning the fund's policies and procedures regarding compliance with the applicable legal and regulatory framework;
- discussions among my audit team on the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

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

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

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

### **Reporting on other requirements**

#### **Other information**

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

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

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

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

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

- the information given in the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with statutory guidance issued under the Local Government in Scotland Act 2003;
- the information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Delivering Good Governance in Local Government: Framework (2016); and
- the information given in the Governance Compliance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with The Local Government Pension Scheme (Scotland) Regulations 2018.

### **Matters on which I am required to report by exception**

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

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

I have nothing to report in respect of these matters.

### **Conclusions on wider scope responsibilities**

In addition to my responsibilities for the annual report, my conclusions on the wider scope responsibilities specified in the Code of Audit Practice are set out in my Annual Audit Report.

### **Use of my report**

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 108 of the Code of Audit Practice, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

**Rachel Browne CPFA**

**Audit Director, Audit Scotland**

**4<sup>th</sup> Floor, 102 West Port**

**Edinburgh**

**EH3 9DN**

## TAYSIDE PENSION FUND - FUND ACCOUNT

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

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

## TAYSIDE PENSION FUND NET ASSETS STATEMENT

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

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

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

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

## NOTES TO TAYSIDE PENSION FUND FINANCIAL STATEMENTS

### 1 - The Local Government Pension Scheme

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

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

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

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

### 2 - Basis of Preparation of the Financial Statements

The financial statements summarise the Fund's transactions for the 2024/25 financial year and its position as at the 31 March 2025. The accounts have been prepared on a going concern basis, and in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 (the Code) which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector. In addition, consideration has been given to the Local Government Pension Scheme Fund Accounts - example accounts and disclosure checklist published by the Chartered Institute of Public Finance Accountants (CIPFA).

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

### 3 - Statement of Accounting Policies

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

#### Investments

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

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

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

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

#### Income and Expenditure

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

### **Investment Income**

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

### **Cash and Cash Equivalents**

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

### **Contributions**

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

### **Foreign Currency**

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

### **Investment Management Expenses**

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

### **Administrative Overheads and Expenses**

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

### **Acquisition Cost**

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

### **Additional Voluntary Contributions**

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

### **Transfers to and from other Schemes**

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

## **Taxation**

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

## **VAT**

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

## **Derivatives**

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

## **Financial Assets**

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

## **Financial Liabilities**

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

## **Fair Value Measurement**

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

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

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

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

## **Actuarial present value of promised retirement benefits**

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



#### 4 - Related Party Transactions and Balances

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

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

##### Key Management Personnel

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

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

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

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

#### 5 – Contributions Receivable

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

	Administering Authority £000	Other Scheduled Bodies £000	Admitted Bodies £000	Total £000
<b>2024/25</b>				
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
<b>Total</b>	<b>33,188</b>	<b>69,825</b>	<b>19,978</b>	<b>122,991</b>



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

## 6 – Benefits Payable

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

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

## 7 – Transfers In from other Pension Funds

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

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

## 8 – Payments to and on Account of Leavers

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

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

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

## 9 - Investment Income

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

## 10 – Investments

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

**Investment Liabilities**

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

**10a Reconciliation of Movements in Investments and Derivatives**

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

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

### 10b Investments Analysed by Fund Manager

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

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

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

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

### 11 - Analysis of Derivatives

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

#### Objectives and policies for holding derivatives

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

**Futures**

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

**Open Forward Currency Contracts**

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

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

Prior year comparative:

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

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

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

## 12 - Fair Value

### Basis of Valuation

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

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

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

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

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

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

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

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

### Fair Value Hierarchy

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

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

Property	-	-	-	-
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Financial liabilities at a fair value through profit and loss -

Payable for investment purchases	-	(107,364)	-	(107,364)
Derivative Liabilities	(860)	(116)	-	(976)

<b>Net financial assets</b>	<b>3,040,804</b>	<b>1,886,877</b>	<b>627,262</b>	<b>5,554,943</b>
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Market Value as at 31/03/2024

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

Financial assets at fair value through profit and loss -

Bonds	-	264,751	-	264,751
Equities	2,377,724	-	8	2,377,732
Pooled Funds	150,794	1,859,120	-	2,009,914
Pooled Property Investments	-	480,291	4,922	485,213
Derivative contracts	1,368	30	-	1,398
Cash deposits	315,633	6,369	-	322,002
Investment Income due	7,305	4,679	-	11,984
Amounts receivable for sales	-	6,306	-	6,306
Other Investment assets	-	-	-	-

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

Property	-	-	-	-
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Financial liabilities at a fair value through profit and loss -

Payable for investment purchases	-	(3,817)	-	(3,817)
Other investment liabilities	(829)	5	-	(824)
Derivative Liabilities	(538)	(244)	-	(782)

<b>Net financial assets</b>	<b>2,851,457</b>	<b>2,617,490</b>	<b>4,930</b>	<b>5,473,877</b>
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**12a Reconciliation of Fair Value Measurements within Level 3**

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

**12b Sensitivity of Assets Valued at Level 3**

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

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

## 13 - Financial Instruments

## 13a Classification of Financial Instruments

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

## 13b Net Gains and Losses on Financial Instruments

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

#### 14 - Stock Lending

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

#### 15 - Additional Voluntary Contributions (AVCs)

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

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

#### 16 - Actuarial Present Value of Promised Retirement Benefits

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

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

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

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

#### 17 – Current Assets

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

**18 – Current Liabilities**

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

**19 - Audit Fee & Other Services**

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

**20 – Management Expenses**

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

**21 – Investment Expenses**

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

## 22 – Nature and Extent of Risks arising from Financial Instruments

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

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

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

### Market Risk

Market risk is the risk of loss from fluctuations in currency, interest rate risk and other price risk. The level of risk exposure depends on, but is not limited to, market conditions, expectations of future price and yield movements and the asset mix. The objective of the Fund's risk management strategy is to identify, manage and control market risk exposure within acceptable parameters.

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

### Other Price Risk

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

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

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

#### Other price risk – sensitivity analysis

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

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

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

Source: ISIO

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

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

Source: ISIO/Northern Trust

### Interest rate sensitivity analysis

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

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

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

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

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

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

Source: Northern Trust

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

### Currency Risk

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

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

Source: Northern Trust

### Credit risk

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

The Fund has an Annual Treasury Strategy which sets out the approach to credit risk for internally managed funds. Deposits are not made with banks and financial institutions unless they are rated independently and meet the Fund's credit criteria. The Fund has also set limits as to the maximum percentage of the deposits placed with any one class of financial institution. The Fund believes it has managed its exposure to credit risk, and the Fund has had no experience of default or uncollectable deposits over the past five financial years. The cash holding under its treasury management arrangements at 31 March 2025, including current account cash, was £6.157m (2024: £13.288m). This was held with the following institutions -

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

### Liquidity Risk

Liquidity risk represents the risk that the Fund will not be able to meet its financial obligations as they fall due. The Fund therefore takes steps to ensure that it has adequate cash resources to meet its commitments. The Fund has immediate access to its cash holdings. The Fund defines liquid assets as assets that can be converted to cash within three months. Illiquid assets are those assets which will take longer than three months to convert into cash.

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

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

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

#### Actuarial present value of promised retirement benefits (note 16)

##### Uncertainties

Estimation of the net liability depends on several complex judgements relating to discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries, Barnett Waddingham, is engaged to provide the fund with expert advice about the assumptions to be applied.

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

#### Financial Assets and Liabilities measured at fair value

##### Uncertainties

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



## 24 - Contingent Liabilities

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

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

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

**Goodwin case** refers to a tribunal outcome that changed the pension entitlement of male survivors in opposite sex marriages to take into account the female member's service from 6 April 1978. Previously, the male spouse survivor's entitlement was based on service accrued from 6 April 1988. The change is backdated to 5 December 2005. The change therefore affects the pension of male spouse survivors where their entitlement arose (i.e. where the female member died) on or after 5 December 2005. The impact of this is likely to be very small for the Fund and therefore no allowance was made for this in the 2023 valuation.

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

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

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

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

## 25 – Post Balance Sheet Event

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

## FUNDING

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

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

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

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

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

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

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



# Tayside Pension Fund

Actuary's Statement as at 31 March 2025

**Barnett Waddingham LLP**

23 May 2025

## Introduction

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

## Asset value and funding level

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

## Contribution rates

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

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

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

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

## Assumptions

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

### Assumptions as of 31 March 2023

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

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

### Assets

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

### Liabilities

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

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

### Overall position

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

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

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

**Graeme Muir FFA**  
**Partner, Barnett Waddingham LLP**

## STATEMENT OF INVESTMENT PRINCIPLES & INVESTMENT BELIEFS

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

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

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

## STATEMENT OF INVESTMENT BELIEFS

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

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

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

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

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

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

### INVESTMENT STRATEGY

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

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

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

Asset Allocation as at 31 March 2025 was as follows:

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

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

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

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

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



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

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

## INVESTMENT PERFORMANCE

### Market Commentary

#### Global Economic Overview

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

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

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

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

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

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

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

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

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

#### UK Economic Overview

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

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

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

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

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

### Global Equities Summary

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

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

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

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

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

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

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

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

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

### UK Equities Summary

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

#### UK Market Performance:

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

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

#### Global Fixed Income Summary

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

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

#### Regional Bond Performance:

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

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

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

#### UK Fixed Income

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

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

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

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

### UK Property Summary

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

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

#### Residential Property Market:

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

#### Commercial Property Market:

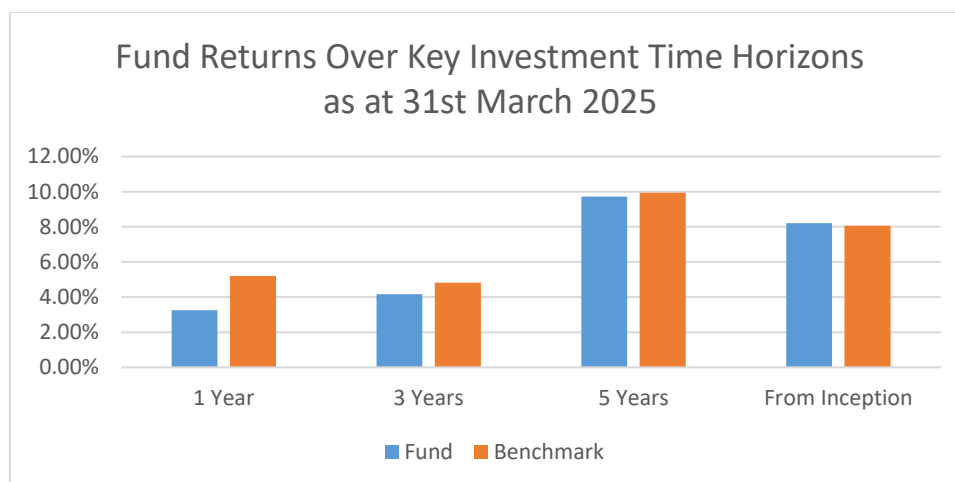
The commercial real estate sector showed early signs of recovery after a difficult 2024. Falling inflation and expectations of lower interest rates improved investor sentiment. Capital values appeared to have reached a trough, with a projected 15% increase in investment activity anticipated for 2025.

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

## FUND PERFORMANCE

### Performance Commentary

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



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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

### Portfolio Transitions

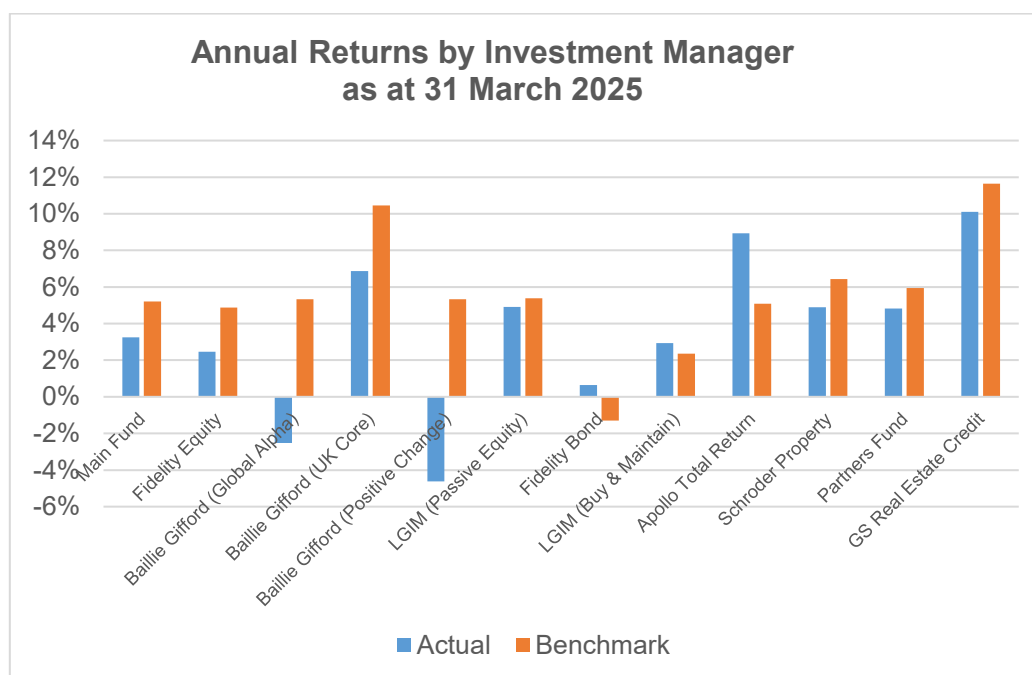
Following procurement exercises undertaken in the previous year, the transitions to LGIM Buy and Maintain Bond Fund and Apollo Total Return were actioned in the first quarter of the financial year, with the transition to Partners group following in the second quarter.

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

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

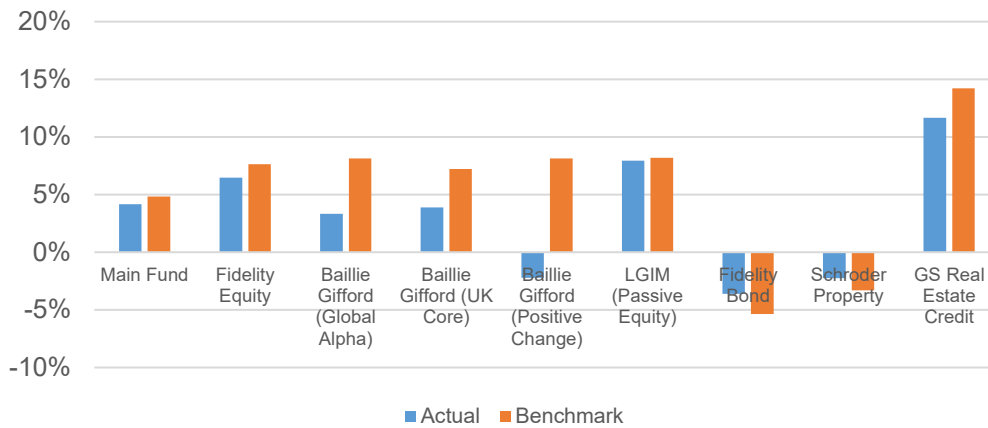
### Performance Measurement

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

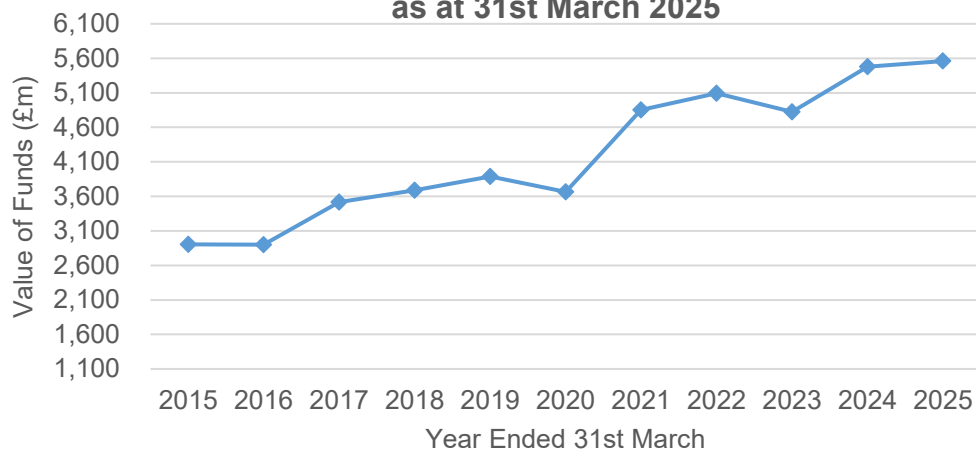




**Annualised Return by Investment Manager  
3 years to 31 March 2025**



**Tayside Pension Fund Asset Value over 10 years  
as at 31st March 2025**



## ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE

### RESPONSIBLE INVESTING

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

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

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

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

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

### POLICY ON ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE

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

[ESG Policy](#)

## CLIMATE FOCUS

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

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

### Core Elements of Recommended Climate-Related Financial Disclosures



#### Governance

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

#### Strategy

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

#### Risk Management

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

#### Metrics and Targets

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

### Governance

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

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

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

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

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

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

## Strategy

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

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

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

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

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

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

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

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

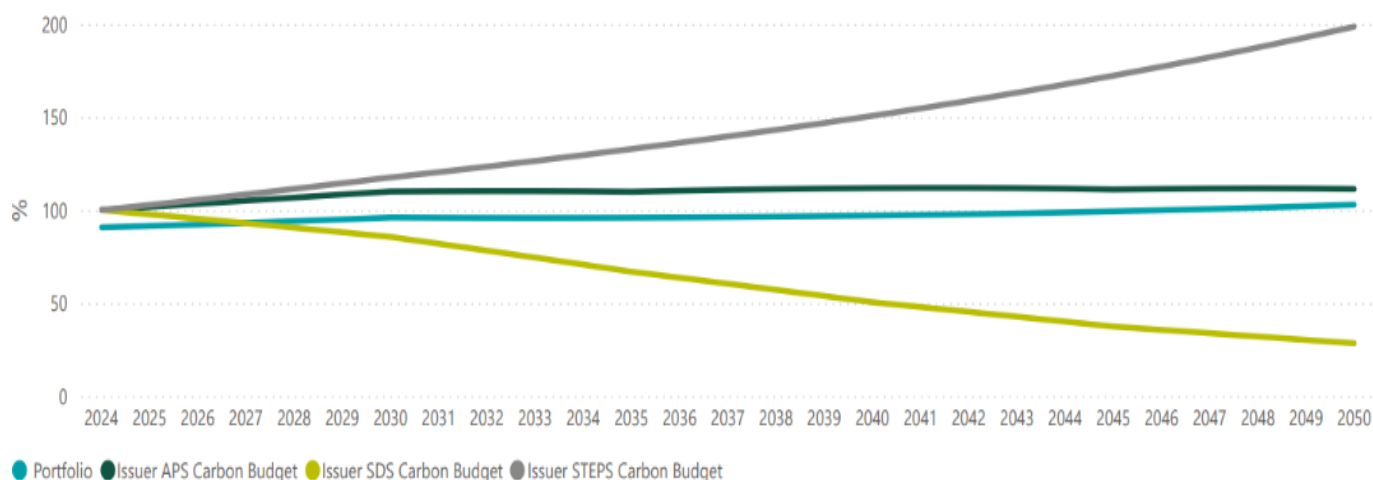
The basis for strategy and financial planning is the triennial actuarial valuation of the Fund. As part of the 2023 valuation and modelling process, the Fund's actuary will complete an analysis of the impact of climate risk on the Fund's liabilities, assets, and operating costs.

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

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

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

## PORTFOLIO EMISSION PATHWAYS VS. CLIMATE SCENARIOS BUDGETS



### Risk

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

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

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

#### Cause of risk:

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

#### Impact:

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

#### Consequences:

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

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

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

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

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

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

### Metrics & Targets

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

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

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

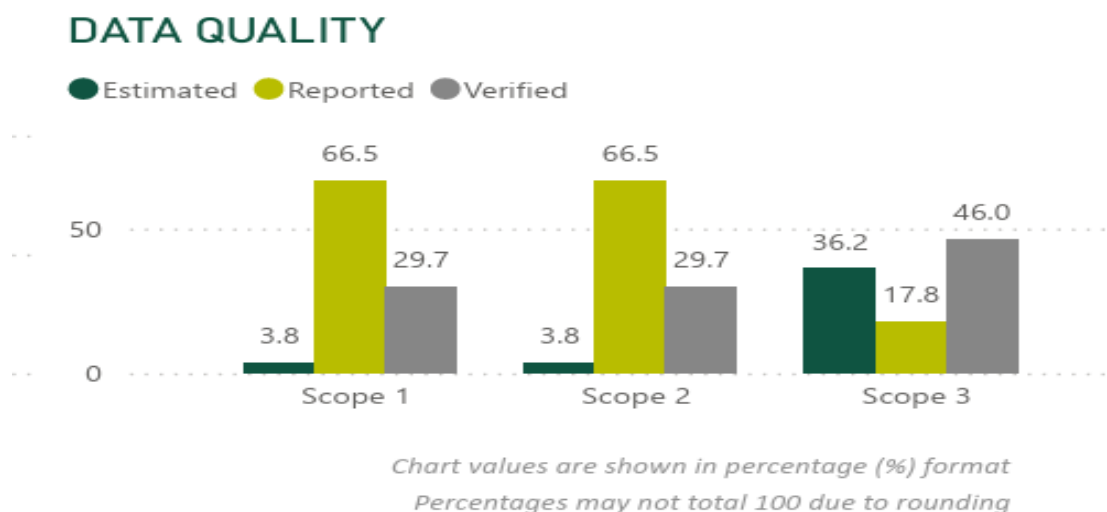
Top 10 Positions by Carbon Risk Rating			
Rank	Issuer	% Portfolio	Carbon Risk Rating
1	Enphase Energy, Inc.	0.00%	100.00
2	First Solar, Inc.	0.01%	100.00
3	Kingspan Group Plc.	0.00%	100.00
4	Orsted A/S	0.04%	100.00
5	Vestas Wind Systems	0.01%	100.00
6	Dell Technologies, Inc.	0.01%	99.00
7	NVIDIA Corporation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

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

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

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

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



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

## CARBON EMISSIONS

	Coverage %		Total Carbon Emissions (tCO <sub>2</sub> e)				
	Number	Weight	Scope 1	Scope 2	Scope 3	Scope 1+2	Scope 1+2+3
Portfolio	85.1	92.1	126,439.1	25,537.9	3,131,788.1	151,976.9	3,283,765.0
Benchmark	99.2	99.8	659,022.5	113,997.2	5,344,384.8	773,019.6	6,117,404.5

	Coverage %		Carbon Intensity (tCO <sub>2</sub> e) / GBP Revenue				
	Number	Weight	Scope 1	Scope 2	Scope 3	Scope 1+2	Scope 1+2+3
Portfolio	85.1	92.1	85.5	17.3	2,118.3	102.8	2,221.1
Benchmark	99.2	99.8	236.8	41.0	1,920.4	277.8	2,198.1

	Coverage %		Carbon Footprint (tCO <sub>2</sub> e) / GBP Invested				
	Number	Weight	Scope 1	Scope 2	Scope 3	Scope 1+2	Scope 1+2+3
	85.1	92.1	29.3	5.9	726.7	35.3	761.9
	99.2	99.8	152.9	26.5	1,240.1	179.4	1,419.4

	Coverage %		Weighted Average Carbon Intensity (tCO <sub>2</sub> e) / GBP Revenue				
	Number	Weight	Scope 1	Scope 2	Scope 3	Scope 1+2	Scope 1+2+3
	90.2	95.0	84.9	18.5	1,442.1	103.4	1,545.5
	99.2	99.8	112.4	24.7	1,259.8	137.0	1,396.9



## CARBON METRICS BY MANAGER

### TOTAL CARBON EMISSIONS (tCO<sub>2</sub>e)

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

### CARBON FOOTPRINT (tCO<sub>2</sub>e) / GBP Invested

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

CARBON INTENSITY (tCO<sub>2</sub>e) / GBP Revenue

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

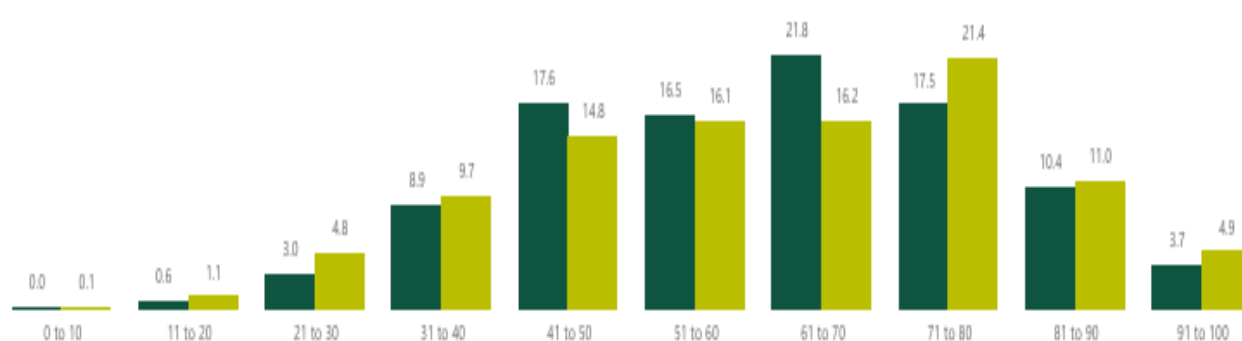
WEIGHTED AVERAGE CARBON INTENSITY (tCO<sub>2</sub>e) / GBP Revenue

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

## CARBON RISK RATING SUMMARY

## RISK DISTRIBUTION %

● Portfolio ● Benchmark

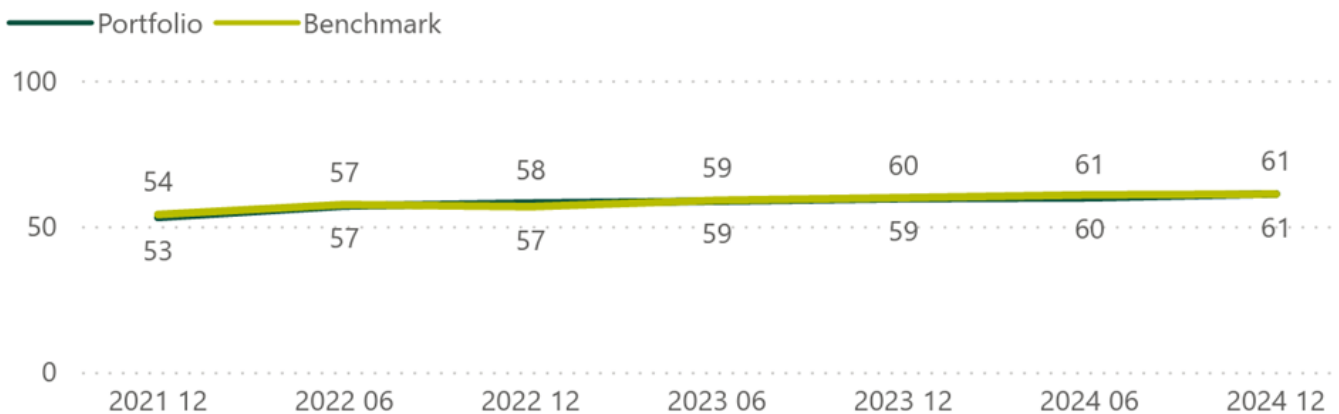


- Recommended Disclosure C - Describe the targets used by the organisation to manage climate related risks and opportunities and performance against targets.

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

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

## CARBON RISK RATING



### SCHEME MEMBERSHIP AND BENEFITS

The Local Government Pension Scheme is a defined Benefit Scheme. From 1st April 2015, benefits are accrued at 1/49th of pensionable pay on a career average basis. Prior to that date benefits were accrued on a final salary basis. These benefits are fully protected on the basis under which they were accrued, and all benefits are paid in accordance with the Local Government Pension Scheme Regulations. The following table gives a summary of scheme benefits:

Membership up to 31 <sup>st</sup> March 2009	Membership from 1 <sup>st</sup> April 2009 to 31 <sup>st</sup> March 2015	Membership from 1 <sup>st</sup> April 2015
Annual Pension = (Service years / days x Final Pay) / 80	Annual Pension = (Service years / days x Final Pay) / 60	Annual Pension = Annual Pensionable Pay / 49
Automatic tax-free cash lump sum = 3 x Annual Pension	No automatic tax-free cash lump sum, but pension conversion available	No automatic tax-free cash lump sum, but pension conversion available
<ul style="list-style-type: none"> <li>• Annual revaluation and pensions increase in line with CPI inflation</li> <li>• Partners' and dependents' pensions</li> <li>• Ill health protection</li> <li>• Death in service protection</li> </ul>		

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

#### Scheme Membership

The following table summarises the scheme membership.

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

### PENSION ADMINISTRATION STRATEGY

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

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

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

[100-2025 Administration Strategy 170325](#)

## COMMUNICATIONS POLICY

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

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

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

## SCHEME DISCRETIONS POLICY

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

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

### ADMINISTRATION EVENTS & PERFORMANCE

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

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

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

#### Performance

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

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

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

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

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

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

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

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

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

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

## 2024/25 Events

### • Payment of contributions by scheme employers

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

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

### • Annual Benefit Statements

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

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

### • Annual & Lifetime Allowances

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

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

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

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

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

### • National Fraud Initiative

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

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

### • McCloud & Sargeant (age discrimination remedy)

#### • Annual Benefit Statements

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

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

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

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



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

- Calculating interest on payments resulting from McCloud

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

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

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

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

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

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

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

## • Pension Dashboards

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

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

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

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

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

Compliance during the user testing period:

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

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

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

#### • **Tiered Contributions Rate Guidance**

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

#### • **Employer Communications**

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

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

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

##### **I-Connect**

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

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

##### **Member Self Service**

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

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

- **Contact Centre**

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

- **Website**

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

- **Meetings, User Groups and Forums**

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

- **Payment of Pensions**

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

- **CARE Scheme Revaluation**

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

- **Pension Increase**

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

- **Tiered Contributions Rate Guidance**

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

- **Staffing 2024/25**

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

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

## • Consultations

### Exit Credits

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

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

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

### Draft Regulations

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

## Legislation Update

During 2024/25 the following legislation came into effect:

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

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

## SCHEDULED AND ADMITTED BODIES

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

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

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

### Scheduled Bodies (11)

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

### Admitted Bodies (29)

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

## CONTACT INFORMATION

### Key Documents Online

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

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

### Contact Details

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

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

### Other Contacts

#### **The Pensions Ombudsman**

10 South Colonnade

Canary Wharf

E14 4PU

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

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

#### **The Pensions Advisory Service has now been incorporated into Money Helper**

120 Holborn

London

EC1N 2TD

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

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

#### **The Pension Tracing Service**

The Pension Service 9

Mail Handling Site A

Wolverhampton

WV98 1LU

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

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

**The Pensions Regulator**

Napier House  
Trafalgar Place  
Brighton  
BN1 4DW

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

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



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## Dundee City Council Pension Sub-Committee

22 September 2025

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

#### Independent Auditor's Report

1. My audit work on the 2024/25 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 22 September 2025. 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 2024/25 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 2025 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Fund Account, the Net Assets Statement and notes to the financial statements, including a summary of material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards, as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 (the 2024/25 Code).

In my opinion the accompanying financial statements:

- give a true and fair view of the financial transactions of the fund during the year ended 31 March 2025 and of the amount and disposition at that date of its assets and liabilities;
- have been properly prepared in accordance with UK adopted international accounting standards, as interpreted and adapted by the 2024/25 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

##### Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](#) approved by the Accounts Commission for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I was appointed by the Accounts Commission on 3 April 2024. My period of appointment is four years, covering 2023/24 to 2026/27. I am independent of the fund in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the council as administering authority for the fund. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

##### Conclusions relating to going concern basis of accounting

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

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the fund's

ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

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

### **Risks of material misstatement**

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

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

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

In preparing the financial statements, the Executive Director of Corporate Services is responsible for assessing the fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention to discontinue the fund's operations.

The Pension Sub-Committee is responsible for overseeing the financial reporting process.

### **Auditor's responsibilities for the audit of the financial statements**

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

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

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

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

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

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

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

## Reporting on other requirements

### Other information

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

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

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

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

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

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

accordance with statutory guidance issued under the Local Government in Scotland Act 2003;

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

### **Matters on which I am required to report by exception**

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

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

I have nothing to report in respect of these matters.

### **Conclusions on wider scope responsibilities**

In addition to my responsibilities for the annual report, my conclusions on the wider scope responsibilities specified in the Code of Audit Practice are set out in my Annual Audit Report.

### **Use of my report**

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 108 of the Code of Audit Practice, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

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

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

**The Section 95 Officer should reproduce this on the audited body's letterhead**

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

Dear Rachel,

### Tayside Pension Fund

#### Annual report and accounts 2024/25

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 2025 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 2025.

#### General

3. I have fulfilled my responsibilities for the preparation of the 2024/25 annual report and accounts as set out in your 2024/25 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 2024/25 (2024/25 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 2025 and the transactions for 2024/25.



## 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 2024/25 Code, where applicable. Where the 2024/25 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 2024/25 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 2025 of which I am aware have been reported in the financial statements.

## Investments

**12.** For the year ended 31 March 2025, 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 2025. 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 2025 have been reviewed and I confirm that they are consistent with management's own view.

## Liabilities

**16.** All liabilities at 31 March 2025 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 2024/25.

## 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 2024/25. 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 2024/25 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 2024/25 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 2024/25 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 2024/25 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 2025 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 2025 for which IAS 10, as adopted by the 2024/25 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

## Proposed 2024/25 Annual Audit Report



Prepared for the Dundee City Council Pension Sub-Committee and the Controller of  
Audit  
September 2025

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## Accessibility

You can find out more and read this report using assistive technology on our website [www.audit.scot/accessibility](http://www.audit.scot/accessibility).

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# Key messages

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## Audit of the annual accounts

- 1** All audit opinions stated that the annual accounts were free from material misstatement.
- 2** The 2024/25 annual report and accounts were certified on 22 September 2025, in line with the agreed audit timetable.

## Wider scope and Best Value audit

- 3** The fund has effective and appropriate arrangements in place for Financial Management; Financial Sustainability; Vision, Leadership and Governance; and Use of Resources to Improve Outcomes.
  - 4** The net assets of the fund increased by 13.1 per cent to £5.566 billion as at 31 March 2025 but the annual fund investment return was below the benchmark set.
  - 5** Based on the most recent funding valuation and the net asset position at 31 March 2025, we currently have no concerns about the financial sustainability of the fund or the viability of the funding strategy.
  - 6** Governance arrangements are generally appropriate but the training needs assessment for Pension Sub-committee and Pension Board members should be completed and used to inform training plans.
  - 7** Fund administration performance against key targets improved from the previous year.
  - 8** The administering authority has appropriate arrangements in place for securing Best Value at Tayside Pension Fund.
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# Introduction

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## Purpose of the Annual Audit Report

1. The purpose of this Annual Audit Report is to report the significant matters identified from the 2024/25 audit of Tayside Pension Fund 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 fund', and the Controller of Audit and will be published on [Audit Scotland's website](#) in due course.

## Appointed auditor and independence

3. Rachel Browne, of Audit Scotland, has been appointed as external auditor of the fund for the period from 2023/24 until 2026/27. As reported in the Annual Audit Plan, Rachel Browne as engagement lead and the audit team are independent of the fund 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 fund, including no provision of non-audit services.

## Acknowledgements

4. We would like to thank the fund 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 audit appointment.

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# Audit scope and responsibilities

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## 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, Annual Governance Statement and Governance Compliance Statement.
- Conclusions on the fund'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 fund'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 fund 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 fund'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 fund 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 fund's responsibilities**

**10.** The 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 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.

### **National performance audit reporting**

**11.** 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 fund and pension fund sub-committee. Details of national and performance audit reports published over the last year can be seen in [Appendix 2](#).



# Audit of the annual report and accounts

## Main judgements

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

The 2024/25 annual report and accounts were certified on 22 September 2025, in line with the agreed audit timetable.

## Audit opinions on the annual report and accounts

**12.** The Tayside Pension Fund annual report and accounts were approved by Dundee City Council's Pension Sub-committee on 22 September 2025 and certified by the appointed auditor on the same date. The Independent Auditor's Report is included in the fund's annual report and accounts, and this reports that, in the appointed auditor's opinion, these were free from material misstatement.



## Audit timetable

**13.** The unaudited annual report and accounts and all working papers were received on 25 June 2025 in accordance with the agreed audit timetable. The accounts and working papers presented for audit were of a good standard and officers provided excellent support to the team during the audit process. This helped us to complete the audit in line with the audit timetable.

## Audit Fee

**14.** The audit fee for the 2024/25 audit was reported in the Annual Audit Plan and was set at £32,790. We have charged an additional fee of £3,076 for the additional procedures required to audit complex and hard to value assets (see [paragraph 29](#)). As a result, the total audit fee charged for the 2024/25 audit is £35,866.

## 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 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. No changes were required to the materiality levels, which are outlined in [Exhibit 1](#).

Exhibit 1  
2024/25 Materiality levels for the fund

Materiality	Tayside Pension Fund
<b>Materiality</b> – set at 2 per cent of Net Assets	£110 million
<b>Performance materiality</b> – set at 65 per cent 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.	£71.5 million
<b>Reporting threshold</b> – set at 5 per cent of materiality.	£1.1 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 as governance, which for the fund 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.

**21.** The significant findings and key audit matters to report are outlined in [Exhibit 2](#).

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## Exhibit 2

### Significant findings and key audit matters

Significant findings and key audit matters	Outcome
<p><b>Investment asset values as at 31 March 2025</b></p> <p>As part of our financial statements audit we are required to verify the year end investment asset values in the Net Assets Statement to the underlying fund manager reports.</p> <p>We completed a reconciliation between the fund manager reports and the custodian reports and identified differences between the investment asset values within the accounts and the values per the fund managers' information. In terms of the impact on the accounts, our testing highlighted a net overstatement of investment assets of £4.3 million.</p> <p>Management has advised that these differences relate to timing differences. For some investments it is the timing of when the fund manager reports were run at the year end and both are valid valuations at that date. For other investments (such as private equity or infrastructure) there is a three-month lag after each quarter end and the fund uses the best available information at the time of preparing the financial statements.</p>	<p>We have accepted management's explanation and are content that the investment assets value in the audited accounts is not materially misstated. As the value of the difference exceeds our minimum reporting threshold it has been reported for members' information.</p> <p>Management has committed to completing reconciliations between the fund manager accounts and the custodian report going forward. This will help with understanding discrepancies and improved management oversight.</p> <p><a href="#">Recommendation 1</a></p>

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Significant findings and key audit matters	Outcome
<p><b>The actuarial valuation of future retirement benefits was identified as an area of specific audit focus in our audit plan</b></p> <p>The actuarial valuation of future retirement benefits is based on a range of financial and demographic estimations about the future including investment returns, contribution rates, commutation assumptions, pensioner mortality, discount rates and earning assumptions. The subjectivity around these estimates gives rise to a risk of material misstatement in the financial statements.</p>	<p>To address this risk we assessed the competence, capabilities, and objectivity of the actuary in line with ISA 500; we reviewed the information provided to the actuary by the fund, and the assumptions used by the actuary to reach the valuation of future retirement benefits; and we reviewed officers' arrangements for ensuring the completeness and accuracy of professional estimations for pensions.</p> <p>We were satisfied that the actuarial valuation of future retirement benefits was not materially misstated.</p> <p>This is reported as a key audit matter.</p>

Source: Audit Scotland

## Qualitative aspects of accounting practices

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

### Accounting policies

**23.** The appropriateness of accounting policies adopted by the fund was assessed as part of the audit. These were considered to be appropriate to the circumstances of the fund, 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

**24.** Accounting estimates are used in number of areas in the fund's financial statements, including the valuation of investment assets and the actuarial present value of promised future benefits. Audit work considered the process management of the 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.

## 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.

## Significant matters discussed with management

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

## Audit adjustments

**27.** No audit adjustments were required to the financial statements. As reported in [Exhibit 2](#), our audit identified one misstatement above the reporting threshold. It was below our materiality level and not corrected by management in the audited accounts.

## Significant risks of material misstatement identified in the Annual Audit Plan

**28.** 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, \(page 12\)](#).

**29.** On receipt of the unaudited annual report and accounts, the material increase in Level 3 investments became an area of audit focus. We assessed this to be a non-significant risk of material misstatement, and additional audit testing was undertaken as a result.

### Exhibit 3

#### Significant risks of material misstatement to the financial statements

Risk of material misstatement	Planned audit response	Outcome of audit work
<p><b>Fraud caused by management override of controls</b></p> <p>Management is in a unique position to perpetrate fraud because of management's ability to override controls that otherwise appear to be operating effectively.</p>	<p>The audit team will:</p> <ul style="list-style-type: none"> <li>• Evaluate the design and implementation of controls over journal entry processing.</li> <li>• Make inquiries of individuals involved in the financial reporting process about inappropriate or unusual activity relating to the processing of journal entries.</li> <li>• Test journals entries, focusing on those that are assessed as higher risk, such as those affecting revenue and expenditure recognition around the year-end.</li> <li>• Evaluate significant transactions outside the normal course of business.</li> <li>• Assess the adequacy of controls in place for identifying and disclosing related party relationships and transactions in the financial statements.</li> <li>• Assess changes to the methods and underlying assumptions used to prepare accounting estimates and assess these for evidence of management bias.</li> </ul>	<p>Audit work performed found:</p> <ul style="list-style-type: none"> <li>• The design and implementation of controls over journal processing were appropriate.</li> <li>• No inappropriate or unusual activity relating to the processing of journal entries was identified from discussions with individuals involved in financial reporting.</li> <li>• No significant issues were identified from testing of journal entries.</li> <li>• No significant issues were identified from transactions outside the normal course of business.</li> <li>• The controls in place for identifying and disclosing related party relationships and transactions were adequate.</li> <li>• No significant issues were identified with changes to methods and underlying assumptions used to prepare accounting estimates and there was no evidence of management bias.</li> </ul> <p><b>Conclusion:</b> no evidence of fraud caused by management override of controls.</p>

## Prior year recommendations

**30.** The fund has made good progress in implementing the agreed prior year audit recommendations. For actions not yet implemented, revised responses and timescales have been agreed with the fund and are outlined in [Appendix 1](#).

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# Wider scope and Best Value audit

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## Conclusion

The fund has effective and appropriate arrangements in place for Financial Management; Financial Sustainability, Vision, Leadership and Governance; and Use of Resources to Improve Outcomes.

The administering authority has effective and appropriate arrangements in place for securing Best Value at Tayside Pension Fund.

## Audit approach to wider scope and Best Value

### Wider scope

**31.** 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.

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

### Best Value

**33.** The fund 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.

**34.** Therefore, consideration of the arrangements the fund 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 fund are reported in this chapter.



## Conclusions on wider scope audit

### Financial Management

**35.** The audit work performed on the arrangements the fund has in place for securing sound financial management found that these were effective and appropriate. This judgement is evidenced by the fund:

- having effective arrangements in place, which includes comprehensive reporting on investment performance, that support sound financial management, and effective scrutiny and challenge provided by Dundee City Council Pension Sub-Committee.
- having a system of internal control in place that is operating effectively and has no significant weaknesses or deficiencies.
- having adequate arrangements in place to prevent and detect fraud, error and irregularities, bribery, and corruption.

### **Net assets increased to £5.566 billion during 2024/25, but the overall annual fund investments return was 1.95% below the benchmark**

**36.** The fund's performance in 2024/25 is summarised in [Exhibit 4](#). This shows that the net assets of the fund increased from £5.494 billion at 31 March 2024 to £5.566 billion at 31 March 2025. This £0.072 billion (13.1 per cent) increase in net assets was mainly attributable to an increase in the cash deposits (£0.071 billion) during the year.

**37.** Market value changes contributed to an annual fund investment return of 3.25 per cent, which was below the benchmark return set for the year of 5.2 per cent. While bond portfolios delivered relative resilience, most other asset classes underperformed, which also impacted longer-term performance figures.

**38.** [Exhibit 4](#) also shows that the overall funding level of the fund has remained at 110 per cent at 31 March 2025 using assumptions consistent with those adopted for the 2023 triennial valuation.

## Exhibit 4

### Assets, funding level and investment performance

Increase in net assets	Funding level	Investment performance
<b>£5.566 billion</b> Net assets as at 31 March 2025 (+13.1%)	<b>110%</b> At 31 March 2025 (interim valuation using assumptions consistent with those adopted for the 2023 triennial valuation)	<b>3.25%</b> Return on investments 2024/25
<b>£5.494 billion</b> Net assets as at 31 March 2024	<b>110%</b> As at last formal funding valuation (31 March 2023)	<b>14.59%</b> Return on investments 2023/24

Source: Tayside Pension Fund 2024/25 Annual Report and Accounts

**39.** When considering the overall investment performance of the fund during 2024/25, 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. Trade policy tensions and geopolitical tensions in the second half of the year has tempered growth and is likely to continue to impact financial markets during 2025/26.

#### The fund reported a deficit from dealings with members of £94.8 million for 2024/25

**40.** The fund reported a deficit from dealings with members of £94.8 million in 2024/25 (£28.8 million in 2023/24 and £19.3 million in 2022/23). This means that pension payments exceeded member contributions and investment income was used to ensure pensions were paid.

**41.** The figure for 2024/25 is significantly higher than previous years due to the Scottish Fire and Rescue Service consolidating all its LGPS members into one administering fund, Strathclyde Pension Fund. The bulk transfer value out of Tayside Pension Fund was £39.268 million.

#### Governance and training requirements

**42.** Members of the Pension Sub-Committee are required to be familiar with the rules governing the pension scheme, as well as any relevant policies related to its administration. In addition, members must possess an appropriate level of knowledge and understanding of pension legislation. A key component of this requirement is the completion of a training needs assessment for all board members.

**43.** During the 2023/24 period, a training needs assessment was issued to all committee members. However, due to staff absences within the fund team, the assessment was not followed up or completed. As a result, no progress has been made in finalising the training needs assessment for committee members.

## Recommendation 2

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.

## Financial Sustainability

**44.** The audit work performed on the arrangements the fund has in place for securing financial sustainability found that these were effective and appropriate.

- the fund is working towards diversifying the fund assets to the strategy as agreed after the latest triennial funding review of the fund.
- the ratio of active members to pensioners has decreased again and there are now more pensioners than active members for the first time.
- the fund continues to monitor cashflows and we are content that the fund has a strategy in place that will allow it to continue to have a positive assets to liabilities ratio.

**The fund has made significant progress towards diversifying the portfolio in 2024/25.**

**45.** In addition to the progress noted below in [Exhibit 5](#), in June 2025 the fund approved the creation of the diversified alternatives portfolio. The fund is progressing with the appointment of a fund manager for the portfolio.

## Exhibit 5

Asset distribution of the fund's investment portfolio over time

Asset class	Asset allocation					Variance from target at 31 March 2025 (%)
	Target (%)	31 March 2022 (%)	31 March 2023 (%)	31 March 2024 (%)	31 March 2025 (%)	
<b>Equities</b>	65.0	71.7	73.4	72.8	67.4	+2.4
<b>Bonds, Gilts</b>	13.0	16.8	15.9	13.1	13.1	+0.1
<b>Property</b>	12.0	11.4	10.5	9.4	12.4	+0.4
<b>Alternatives</b>	10.0	0.1	0.2	4.7	7.1	-2.9

Source: Tayside Pension Fund Annual Report and Accounts 2021/22 to 2024/25.

**46.** The Fund's Actuarial Services and Investment Consultancy were scheduled for tender in 2024/25. However, the custodian contract has been extended by 18 months, while both the Internal Audit service and the Investment Advisor (ISIO) have received 12-month extensions.

**47.** A review of the tendering process will be required for 2025/26 to ensure that all necessary external services are procured in a timely manner. This will support the Fund's commitment to securing value for money and maintaining the standards of service delivery.

**Overall membership has increased over the last five years but the ratio of active members to pensioners has continued to reduce over the same period.**

**48.** The fund is a multi-employer fund with 40 employers at 31 March 2025 comprising 11 scheduled bodies (including Dundee City, Angus and Perth & Kinross Councils) and 29 admitted bodies. The current membership profile is shown at [Exhibit 6](#).

## Exhibit 6

### Tayside Pension Fund membership

The ratio of active members to pensioners has reduced over the last five years



Source: Tayside Pension Fund Annual Report and Accounts 2020/21 to 2024/25

**49.** The fund gives its members a guarantee that in exchange for contributions during their employment, it 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 pension entitlements of its members.

**50.** Membership of the fund increased by 2,031 (3.57 per cent) to 58,936 members during 2024/25 and has increased by 7,095 (13.69 per cent) since 2020/21. Although the number of active members continues to exceed the number of pensioners, the ratio of active members to pensioners has steadily reduced in recent years from 1.132:1 in 2020/21 to only 0.986:1 in 2024/25. 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.

### Vision, Leadership and Governance

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

- having effective and appropriate governance arrangements in place, as reflected in the Governance Statement and Governance Compliance Statement included in the accounts
- 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 fund has appropriate arrangements in place to support good governance and scrutiny of decision-making.**

**52.** The 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.

**53.** 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.

**54.** 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.

**55.** All meetings of the Pension Sub-Committee and Pension Board were held remotely via Microsoft Teams throughout 2024/25. However, we have not noted any adverse impact on the level of scrutiny at meetings due to these meetings being held remotely.

**The fund conducts its business in an open and transparent manner**

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

**57.** 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.

**58.** There is evidence from several sources which demonstrate the 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 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 2024/25 annual report and accounts provided a fair, balanced and reasonable analysis of the organisation's financial performance for the year**

**59.** In addition to the consistency opinion on the management commentary covered in Part 1 of this report, we also consider 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 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 2024/25 annual report and accounts satisfied these requirements.

**60.** Progress has been made in responding to the Pension Regulator's new General Code of Practice. The fund commissioned ISIO to review if Tayside Pension Fund complies with the new code of practice and to make recommendations for improvement. The report is due to go to the September 2025 Sub-committee meeting along with recommendations for improvement where required.

**61.** The fund continues to require that all fund managers have signed up to the United Nations Principles for Responsible Investing initiative.

**62.** There was one reportable breach of the Pensions Regulators public service code regulations during 2024/25. This was due to McCloud remedy underpin (pension protection) information not being included in the Annual Benefit Statements issued to fund members. This has been resolved.

**Use of Resources to Improve Outcomes**

**63.** The audit work performed on the arrangements the 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 fund:

- having arrangements in place to benchmark its performance to identify areas of improvement.
- being able to demonstrate a clear link between the use of resources and delivery of its priorities.
- Having comprehensive reporting of the fund's administration and investment performance.

**The fund administration performance against key targets improved from the previous year**

**64.** The Pension Sub-Committee meets on a regular basis and receives regular reports on both fund administration and investment performance.

The focus of measuring the performance of pensions administration includes both member experience and statutory compliance.

**65.** Performance against pension administration targets has been reported in the Pension Administration section of the 2024/25 Annual Report and Accounts. The target data has been reported in 2024/25 for the first time which has improved the reporting by showing the target v actual performance.

**Investment performance over the last 12 months was varied, with three portfolios exceeding their benchmark during 2024/25.**

**66.** Investment performance of each fund manager and mandate is reported to the Pension Sub-committee on a quarterly basis. These reviews include details of the investment performance for each portfolio against benchmarks for a number of time frames: quarterly, 1 year, 3 years, 5 years and 10 years. This allows the members of the sub-committee to review the performance of individual fund managers on a timely basis.

**67.** An annual performance summary of the fund and its managers is prepared by ISIO, the appointed investment consultants. This report provides a detailed analysis of the factors influencing the performance of individual fund managers and their respective portfolios.

**68.** In addition to the reports referenced above, fund managers are invited to attend each sub-committee meeting. This provides committee members with the opportunity to engage directly with the managers, ask questions, and gain further insight into fund performance and strategy.

**69.** Three of the eleven investment fund manager mandates reported above benchmark annual returns, with eight reporting below benchmark returns for the year.

## **Conclusions on Best Value**

**70.** As noted at paragraph 32, statutory responsibility for arrangements for securing Best Value lies with Dundee City Council as the administering authority. The external auditors of Dundee City Council consider that overall, the council has effective and appropriate arrangements in place for securing Best Value and has a well-established governance framework.

**71.** Recommendations were made in the Dundee City Council Best Value Thematic Report 2024/25 in relation to enhanced reporting to support oversight of transformation activity and benefits, and the need to ensure transformation plans are commensurate with the scale of the financial challenges faced by the council. There were no specific matters relating to the fund.



# Appendix 1

## Action plan 2024/25

### 2024/25 recommendations

Matter giving rise to recommendation	Recommendation	Agreed action, officer and timing
<p><b>1. Investment asset values</b></p> <p>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.</p> <p>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.</p> <p><b>Risk: the discrepancies between the fund manager and custodian reports are not fully known to management.</b></p>	<p>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.</p> <p><a href="#">Exhibit 2</a></p>	<p><b>Accepted</b></p> <p>A full investment asset value reconciliation will be completed in conjunction with the Fund custodian.</p> <p><b>Responsible Officer:</b> Senior Banking and Investment Officer</p> <p><b>Agreed date:</b> 30 June 2026</p>

Matter giving rise to recommendation	Recommendation	Agreed action, officer and timing
<p><b>2. Training needs assessment</b></p> <p>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.</p> <p><b>Risk: training needs of sub-committee members are not being met</b></p>	<p>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.</p> <p><a href="#">Paragraphs 41-42</a></p>	<p><b>Accepted</b></p> <p>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.</p> <p><b>Responsible officer:</b> Service Manager – Financial Services</p> <p><b>Agreed date:</b> September 2025.</p>

## Follow-up of prior year recommendations

Matter giving rise to recommendation	Recommendation, agreed action, officer and timing	Update
<p><b>1. Valuation of unobservable inputs in Level 2 and Level 3 investments</b></p> <p>The fund does not currently carry out any procedures to gain independent assurance over the accuracy of valuations of Level 2 and Level 3 investments.</p> <p><b>Risk:</b> The investment assets balance may be over or under-valued in the annual accounts due to the incorrect valuation of investments containing unobservable inputs.</p>	<p>Management should ensure that adequate arrangements are in place to gain independent assurance over the fund manager valuations of Level 2 and Level 3 investments at 31 March 2025.</p> <p>Fund officers will liaise with Investment Advisors to seek assurance over asset values and level classifications.</p> <p><b>Responsible officer:</b> Senior Banking and Investment Officer</p> <p><b>Agreed date:</b> 30 June 2025</p>	<p><b>Complete</b></p> <p>We are content with the reviews in place to gain assurance over the level 2 and level 3 investments. We have completed work to test the value of the level 2 and level 3 investments and no material errors were found.</p>

Matter giving rise to recommendation	Recommendation, agreed action, officer and timing	Update
<p><b>2. Investments and derivatives disclosures</b></p> <p><i>Note 10. Investments</i> and <i>Note 12. Fair Value</i> in the 2023/24 Annual Report and Accounts do not fully reflect the disclosure requirements for LGPS funds under the Code of Practice on Local Authority Accounting in the United Kingdom.</p> <p><b>Risk:</b> Investments and fair values disclosures do not include all the information that may be of interest to readers of the accounts to understand the fund's investment asset holdings.</p>	<p><b>Recommendation:</b> The fund should engage with the custodian to ensure that the additional investments and fair value information required is obtained and disclosed in the 2024/25 annual report and accounts.</p> <p><b>Action:</b> 2024/25 unaudited accounts will incorporate necessary investment disclosures in compliance with Code of Practice.</p> <p><b>Responsible officer:</b> Senior Banking and Investment Officer</p> <p><b>Agreed date:</b> 30 June 2025</p>	<p><b>Complete</b></p> <p>A review has been completed of note 10 and 12 within the annual report and accounts and they are now reflective of the disclosure requirements for LGPS funds under the Code of Practice on Local Authority Accounting in the United Kingdom</p>
<p><b>3. Investment portfolio asset allocation</b></p> <p>Over the last 3 years the fund has made reasonable progress in diversifying its investment portfolio to reflect the investment strategy asset allocation but still needs to reduce its level of equities and increase the proportion of investments in alternatives.</p> <p><b>Risk:</b> The fund's investment portfolio has greater exposure to equity and inflation risk over the short to medium term.</p>	<p><b>Recommendation:</b> Management should continue to take action to diversify the fund's investment portfolio to better reflect the investment strategy asset allocation, taking account of any changes resulting from the review of the investment strategy conducted after the 2023 valuation.</p> <p><b>Action:</b> Fund officers will continue to work with Investment Advisors to deliver recommendations from investment strategy reviews.</p> <p><b>Responsible officer:</b> Senior Manager – Financial Services</p> <p><b>Agreed date:</b> 30 June 2025</p>	<p><b>Complete</b></p> <p>Details of the revised allocation can be seen in the Annual report – a further investment in opportunistic alternatives has been approved by the Pension Sub-committee and work is ongoing on appointing a fund manager for the portfolio.</p>

Matter giving rise to recommendation	Recommendation, agreed action, officer and timing	Update
<p><b>4. Pensions Regulator General Code of Practice</b></p> <p>The Pensions Regulator's new General Code of Practice sets out the standards and expectations for the governance and management of occupational pension schemes in the UK. The code, which came into force on 28 March 2024, consolidated and replaced 10 previous codes of practice. This comprehensive code aims to ensure that pension schemes are managed effectively and in the best interests of their members.</p> <p><b>Risk:</b> The fund's existing governance arrangements, structure and operating model do not meet the requirements of the new Code.</p>	<p><b>Recommendation:</b> Management needs to identify and implement the changes required to ensure the Fund's compliance with the Pensions Regulator's new General Code of Practice.</p> <p><b>Action:</b> The new code requirements are noted and a review will be undertaken during the year and any necessary amendments to existing governance and policies will be made thereafter to ensure these are compliant with these arrangements.</p> <p><b>Responsible officer:</b> Senior Manager – Financial Services</p> <p><b>Agreed date:</b> 31 March 2025</p>	<p><b>Complete</b></p> <p>A detailed review has been undertaken by ISIO with the report and associated recommendations due to be presented to the September 2025 Pension Sub-committee.</p>

Matter giving rise to recommendation	Recommendation, agreed action, officer and timing	Update
<p><b>5. Administrative staffing capacity</b></p> <p>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.</p> <p><b>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.</b></p>	<p><b>Recommendation:</b> 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.</p> <p><b>Action:</b> A structure review is currently underway of our existing staffing resources. This review will focus on comparing resources, structure and processes with other Scottish LGPS. The review findings will be reported to sub-committee.</p> <p><b>Responsible officer:</b> Senior Manager – Financial Services</p> <p><b>Agreed date:</b> 31 March 2025</p>	<p><b>Work in progress</b></p> <p>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.</p> <p>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.</p> <p><b>Responsible officer:</b> Executive Director Corporate Services</p> <p><b>Agreed Date:</b> 31 March 2026</p>
<p><b>6. Ad hoc payments reconciliation</b></p> <p>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.</p>	<p>This recommendation will be implemented for the end of the 2023/24 financial year and will be undertaken on a quarterly basis thereafter.</p> <p><b>Responsible officer:</b> Senior Banking and Investment Officer</p> <p><b>Agreed date:</b> 31 March 2024</p>	<p><b>Work in progress</b></p> <p>The reconciliations have been undertaken, however they are not fully implemented.</p> <p>Work continues within the Pension Administration team to deliver an accurate reconciliation</p> <p><b>Responsible officer:</b> Senior Banking and Investment Officer</p> <p><b>Agreed date:</b> 31 March 2026</p>

Matter giving rise to recommendation	Recommendation, agreed action, officer and timing	Update
<b>7. KPI reporting</b> Performance reporting should be improved to provide additional details on Key Performance Indicators (KPIs) such as progress against target.	This recommendation will be implemented for the end of the 2023/24 financial year and will be included in the annual report. <b>Responsible officer:</b> Service Manager – Financial Services <b>Agreed date:</b> 31 March 2024	<b>Complete</b> The annual report and accounts have been updated to include further information on KPI reporting. This includes adding information on target v actual performance for each KPI.

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# Appendix 2

## Supporting national and performance audit reports

Report name	Date published
<a href="#">Local government budgets 2024/25</a>	15 May 2024
<a href="#">Scotland's colleges 2024</a>	19 September 2024
<a href="#">Integration Joint Boards: Finance and performance 2024</a>	25 July 2024
<a href="#">The National Fraud Initiative in Scotland 2024</a>	15 August 2024
<a href="#">Transformation in councils</a>	1 October 2024
<a href="#">Alcohol and drug services</a>	31 October 2024
<a href="#">Fiscal sustainability and reform in Scotland</a>	21 November 2024
<a href="#">Public service reform in Scotland: how do we turn rhetoric into reality?</a>	26 November 2024
<a href="#">NHS in Scotland 2024: Finance and performance</a>	3 December 2024
<a href="#">Auditing climate change</a>	7 January 2025
<a href="#">Local government in Scotland: Financial bulletin 2023/24</a>	28 January 2025
<a href="#">Transparency, transformation and the sustainability of council services</a>	28 January 2025
<a href="#">Sustainable transport</a>	30 January 2025
<a href="#">A review of Housing Benefit overpayments 2018/19 to 2021/22: A thematic study</a>	20 February 2025
<a href="#">Additional support for learning</a>	27 February 2025
<a href="#">Integration Joint Boards: Finance bulletin 2023/24</a>	6 March 2025
<a href="#">Integration Joint Boards finances continue to be precarious</a>	6 March 2025
<a href="#">General practice: Progress since the 2018 General Medical Services contract</a>	27 March 2025
<a href="#">Council Tax rises in Scotland</a>	28 March 2025

# Tayside Pension Fund

## Proposed 2024/25 Annual Audit Report



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**ITEM No ...7.....**

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

**REPORT ON:** THE PENSIONS REGULATOR - GENERAL CODE REVIEW

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

**REPORT NO:** 258-2025

## 1 PURPOSE OF REPORT

To inform members of the outcome of the review undertaken by Isio of the code requirements, following recommendation by Audit Scotland.

## 2 RECOMMENDATIONS

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

### FINANCIAL IMPLICATIONS

There are no financial implications other than those highlighted in the risk register.

## 3 BACKGROUND

- 4 The External Auditors Annual Report on the Tayside Pension Find Accounts 2023/24 was previously considered by the Pension Sub-Committee and Board (Article VI of the Minute of the Meeting of Pension Sub-Committee and Pension Board 23 September 2024, report 273-2024 refers). The action plan to this report noted that the Pension Regulators General Code of Practice was introduced on 28 March 2024, and it was agreed a review of the code requirements would be undertaken during the year, following the advisory review of code readiness undertaken by PwC in June 2024 (Article V of the Minute of the Meeting of Pension Sub-Committee and Pension Board 24 June 2024, report 184-2024 refers).

## 5 OUTCOME OF REVIEW

Isio believe that the Fund is in a reasonable position, and that current policies and processes are thorough, with only one of the 39 areas non-compliant (exercise already scheduled with PwC), and 7 requiring adjustments. The full findings of the review are contained in Appendix A. Below is a summary of actions requiring address and intended remedies which will be actioned during the coming months:

Reference	Workstream	Missing requirements	Actions required
1	Appointment & Removal of Trustee(s) and Chair of Trustees	Succession plan	Member Policy required to incorporate all, and link to Council Standing Orders and other policies (e.g. Training & Attendance).
		Resignation & removal policy	
5	Meeting / Decision Making Process	Circumstances for extraordinary meetings	
		Determine length of meetings	
		Process for rescheduling postponed meetings	
8	Trustee Training and Knowledge	Challenges of attendance and engagement for training - Recommendation to further formalise the training structure and review process, with consideration given to the resourcing of this.	Strengthening of policy to make training mandatory. Alternative providers to be considered.

15	Own Risk Assessment (ORA)	The ORA is an assessment of how well governance systems are working, and the way potential risks are managed.	PwC scheduled to undertake
26	Record keeping	Need to state that data is stored electronically within systems and retained in accordance with DCC retention policies.	Amend Administration Strategy to include data storage, retention, review and improvement.
27	Data Improvement Plan	Need to state in policy how often data is reviewed.	
30	Financial transactions	Process for rebalancing of portfolio and draw down from custodian to pay pensions not included in any policies.	Amend Treasury Policy to incorporate.
39	Reporting to tPR	No specific breach policy.	New policy required.

## 6 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.

## 7 CONSULTATIONS

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

## 8 BACKGROUND PAPERS

None.

**PAUL THOMSON**  
**EXECUTIVE DIRECTOR OF CORPORATE SERVICES**  
**2025**

**15 SEPTEMBER**

# Tayside Pension Fund

## General Code of Practice

Gap analysis – updated report July 2025

isio.

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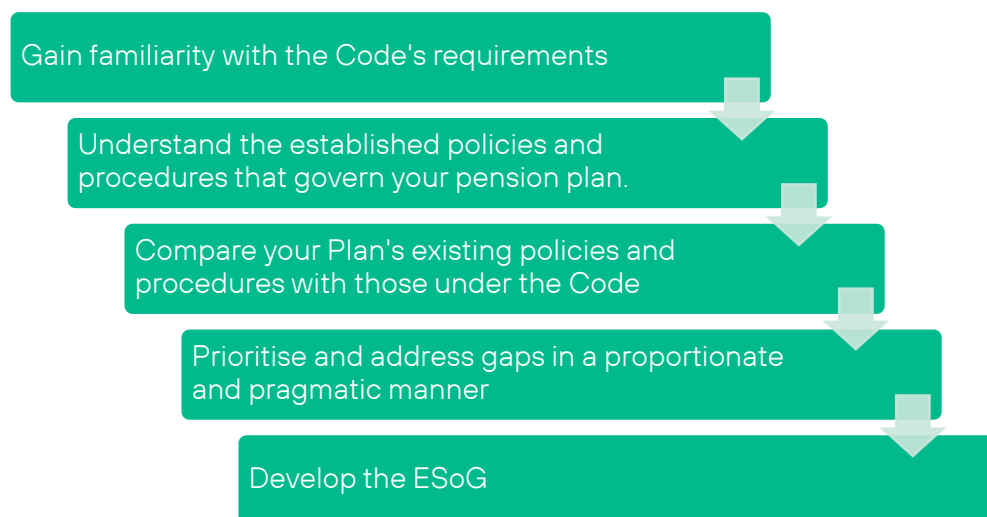
# Background

## What is the new code?

The new General Code of Practice (the "Code") from The Pensions Regulator (tPR) is now effective. The Code can be found on tPR website here [TPR general \(single\) code of practice | The Pensions Regulator](#).

The Code pulls together 10 out of 16 of the previous pensions codes into one place and incorporates additional governance requirements. TPR is aiming to create a combined code that is clear, concise, and easier to understand as part of its drive to improve governance standards for pension plans.

All schemes need to assess the gaps between their existing scheme governance in order to establish a compliant Effective System of Governance ("ESoG") and Trustees will then need to complete their first Own Risk Assessment ("ORA"). It is expected that all defined benefit pension schemes will have work to do to comply with the Code. The key workstreams are noted below:



## Purpose of this paper

Isio have carried out a gap analysis to identify where additional policies and procedures may be required or existing ones updated.

We have reviewed your existing documentation to identify the policies and procedures governing your pension scheme and assessed your schemes current policies and procedures in comparison to those outlined in the Code.

Of the 39 policies and procedures expected to be required under the code, we have identified where:

- The scheme has suitable policies in place.
- Policies or procedures exist but require documenting or updating.
- A policy is needed but is currently not in place.

This paper shows the outcome of this review, from which a plan can be developed to become compliant with the code in due course. We have updated the paper to incorporate further feedback from the in-house pensions team and cross-refers to PwC's General Code Advisory Review dated June 2024, which is appended to this report for reference.

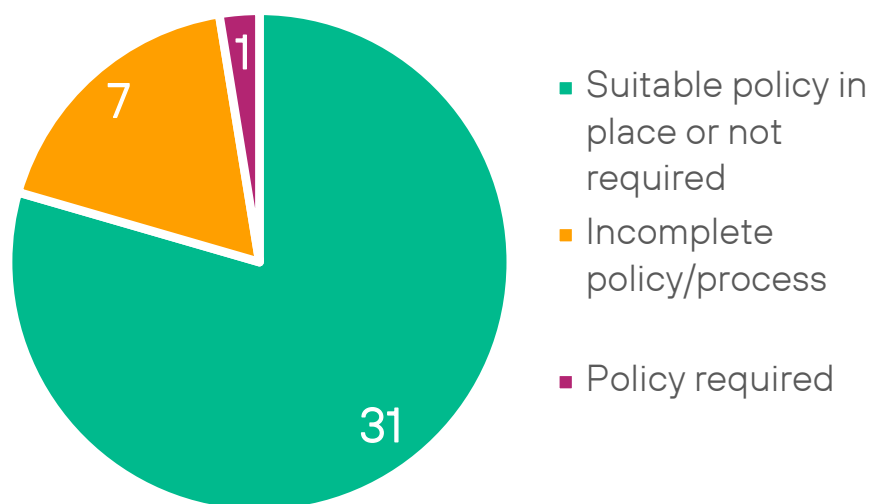
This report has been prepared based on the final version of the Code, effective from 28 March 2024, which is available on tPR's website along with our access to and understanding of existing plan policies and procedure

# Gap Analysis Outcome - Overview

We have reviewed your existing documentation to identify the policies and procedures governing your pension scheme.

Your results of the gap analysis are displayed in the below pie chart which shows that many of the existing governance policies and processes are meeting the requirements of the General Code.

The next steps will be to review and update incomplete policies and put in place the new required policies. We recommend that these updates are spread over 2025.



The good news is that your scheme is in a reasonable position.


Overall, we believe that the current Trustee policies and processes are thorough and that there is a significant amount of information documented already that will help to develop a more streamlined and effective suite of policies and processes to form the scheme's Effective System of Governance.



The following section goes into detail on the individual components that make up the requirements of the General Code and uses this colour coded "RAG" rating system to assess the key areas for further action.

The statutory deadline for the completion of the scheme's first ORA is 31 March 2026. Given that the purpose of the ORA is to assess the effectiveness of the scheme's ESoG we would hope to have a comprehensive ESoG in place by 30 September 2025.


# Detailed Gap Analysis


The table presented below details the results of the General Code gap analysis. This analysis is organised into the primary workstreams as outlined in the draft General Code. It also contains an overview of the code and the proposed strategy for addressing any gaps and enhancing governance. To indicate areas needing additional attention, we've implemented the traffic light system noted on the previous page and highlighted the requirements of the code that we believe need addressing.




Workstream	Current approach	Overview of the requirements of the Code	Proposed Strategy	Gap Analysis Status
Governing Body				
1. Appointment & Removal of Trustee(s) and Chair of Trustees  <a href="#">Recruitment and appointment to the governing body TPR code module   The Pensions Regulator</a>	Scheme Specific	<p>Create a process or policy that includes:</p> <ul style="list-style-type: none"> <li>Who is responsible for recruiting, selecting and appointing Trustees and any input required from other parties or requirements for representation of certain bodies or groups</li> <li>A process to identify gaps in skills and competencies across the governing body and how these can be addressed over a defined timescale.</li> <li>A succession plan to maintain the skills and competencies needed by the governing body, how they will be maintained over time.</li> <li>Records of the assessment of the fitness and propriety of candidates.</li> <li>Principles for determining any remuneration of Trustees or reference to the remuneration policy (see Remuneration policy section of report)</li> <li>How to deal with temporary and extended absenteeism</li> <li>A resignation and removal policy which provides clarity on who can remove a</li> </ul>	<p>The appointment of Trustees policy does not include all required aspects of the policy (see highlighted requirements).</p> <p>PwC Report: Code requirements apply. There were no internal audit observations (pg 5 of PwC's report).</p> <p>Our recommendation: It would be useful to add in the additional information that the policy is missing which have been highlighted.</p> <p>Next Steps: Trustee has confirmed that the requirements noted in the report are largely covered across a number of areas (Council Standing orders, Training &amp; Attendance Policy and Regulation). However, it was noted that a Trustee Policy covering recruitment, appointment and competencies would pull everything together providing clarity.</p>	


Workstream	Current approach	Overview of the requirements of the Code	Proposed Strategy	Gap Analysis Status
		<p>member of the governing body, under what circumstances and the steps for doing so.</p> <ul style="list-style-type: none"> <li>The procedure for appointing the Chair (see Appointment of Chair section of report)</li> </ul>	Isio would be able to draft a policy or provide support for Tayside Pension Fund to update the policy.	
2.	<p>Member Nominated Director (MND)</p> <p><a href="#">Arrangements for member-nominated trustee appointments TPR code module   The Pensions Regulator</a></p>	<p>The Trustees should have a nomination and selection process / policy for MND's.</p> <p>The nomination process should include:</p> <ul style="list-style-type: none"> <li>The process for eligible members, or any organisation that adequately represents these groups, to nominate potential candidates for MNT positions.</li> <li>The eligibility criteria for prospective nominees, taking into account any legislative provisions that prohibit certain individuals being a trustee.</li> <li>If nominations of non-members are permitted, information regarding eligibility (following a discussion with the employer whether non-members are eligible)</li> <li>Timescales for running the process (within 6 months of vacancy arising) and repeating process where vacancies remain unfilled (&lt;3 years or after material changes)</li> </ul> <p>The selection process should include:</p> <ul style="list-style-type: none"> <li>Arrangements for determining who will be appointed as trustee when there are more nominations than vacancies</li> <li>Arrangements for the selection process, which includes some or all members</li> <li>Timescales for running process</li> </ul>	The policy is not required as Scottish regulations already stipulate that member nominated reps are union representatives. This should be noted in the above mentioned policy.	
3.	Appointment and role of the Chair	The appointment of the Chair should be carried out within a robust and documented process.	This policy is compliant with the code.	





Workstream	Current approach	Overview of the requirements of the Code	Proposed Strategy	Gap Analysis Status
<a href="#">Appointment and role of the chair TPR code module   The Pensions Regulator</a>		<p>Where a legal duty to appoint a Chair exists, a Chair of Trustees must be appointed within three months of a scheme being established or within three months of an existing chair resigning or being removed.</p> <p>The Regulator must be informed of the name of the Chair.</p> <p>The Chair needs to be able to demonstrate the following skills and behaviour:</p> <ul style="list-style-type: none"> <li>• Act as a leader of the Trustee Board</li> <li>• Represent the interests of the scheme to all relevant parties</li> <li>• Manage potential conflicts of interest</li> <li>• Ensure each trustee's knowledge and skills are used appropriately</li> <li>• Encourage the Trustee Board to think strategically and take the long-term view</li> </ul> <p>Encourage participation from all members of the Trustee Board</p>	PwC Report: Code requirements are good practice. There were no internal audit observations (page 8 of PwC's report).	
4. Meeting Minutes		<p>Written records must include:</p> <ul style="list-style-type: none"> <li>• Date, time, and place of meeting</li> <li>• Names of all in attendance, including professional advisers or any other person present</li> <li>• Names of those invited to the meeting but did not attend</li> <li>• Decisions made at the meeting, including the names of those who participated in them</li> <li>• Decisions made outside of a meeting since the previous meeting, or taken by a committee/sub-committee, including above details</li> <li>• Decisions related to the winding-up of the scheme</li> </ul>	Trustee meeting agenda minutes are recorded by DCC Committee Services and published on the DCC website. The TPF Board do not meet separately from the Committee and therefore separate minutes are not required.	


Workstream	Current approach	Overview of the requirements of the Code	Proposed Strategy	Gap Analysis Status
5. Meeting / Decision Making Process  <a href="#">Meetings and decision-making TPR code module   The Pensions Regulator</a>	This is documented in the Governance Policy dated 23 April 2019.	<p>The process should:</p> <ul style="list-style-type: none"> <li>• Include an understanding and adherence to any prescribed governance processes in the scheme rules and legislation</li> <li>• Include the frequency of meetings for the governing body</li> <li>• Agree the basis of attendance (in person, online) and the circumstances where this might change</li> <li>• Establish the circumstances, including legislative restrictions, where and how extraordinary meetings may be called</li> <li>• Consider the complexity and urgency of any issues affecting the scheme to determine the length of the meeting</li> <li>• Include a process for rescheduling postponed meetings</li> <li>• Set expectations for members of the governing body in preparing for meetings, and actions needed in between them</li> <li>• Agree who has responsibility for setting the agenda and who else is consulted in its development</li> <li>• Agree standing items, for example risk register and conflicts of interest items, and administration tasks</li> <li>• Establish the number of members of the governing body required to attend for any meeting to be considered quorate</li> <li>• Consider the extent to which the governing body can influence or direct other parties (such as the sponsoring employer) in decisions that may have material consequences for the scheme or the business supporting it.</li> </ul>	<p>The current meeting/decision-making policy seems adequate, noting that Member Policy is required to incorporate the highlighted areas, with links to other policies as appropriate.</p> <p>The requirements noted in this report, which are not covered in the governance policy are included in the Council Standing Orders. Standing items are covered in the annual timetable, as well as noted in each individual report.</p> <p>PwC Report: Code requirements apply. There were no internal audit observations (pg 5 of PwCs report).</p>	


Workstream	Current approach	Overview of the requirements of the Code	Proposed Strategy	Gap Analysis Status
6.	Sub-Committee Terms of Reference  <a href="#">Meetings and decision-making TPR code module   The Pensions Regulator</a>	Terms of reference are only required where sub-committees exist. Code is not explicit as to what to include, but we expect it to incorporate: <ul style="list-style-type: none"> <li>• Decision making powers</li> <li>• Delegated authority</li> <li>• Responsibilities and accountability in relation to the provision of oversight, advice, and decision making</li> </ul>	The Pension Sub-committee terms fall under Local Government investment regulations, and as a sub-committee of the Council, they are bound by Councillor Code of Conduct. Separately, there are TORs for all Board and Committee.	
7.	Remuneration  <a href="#">Remuneration and fee policy TPR code module   The Pensions Regulator</a>	The written policy should include: <ul style="list-style-type: none"> <li>• The principles for determining pay and the decision-making process for payment levels covering all persons or corporate bodies including service providers, who effectively run the scheme, those who conduct key functions, or whose activities materially impact the scheme's risk profile</li> <li>• Measures to mitigate potential conflicts of interest and focus on 'in-house' roles, such as trustees, trustee secretary, administrators, and sub-committees</li> <li>• An explanation of the decision-making process for the levels of remuneration, and why these are considered to be appropriate</li> </ul>	It is noted that Tayside Pension Fund do not do additional pay.  PwC Report: Code requirements are considered good practice but are not applicable to this Scheme. There were no internal audit observations (pg 6 of PwCs report).	
8.	Trustee Training and Knowledge  <a href="#">Knowledge and understanding requirements TPR code section   The Pensions Regulator</a>	<ul style="list-style-type: none"> <li>• All governing bodies should maintain a list of items the members of the governing body should be familiar with (specific documents are stipulated on pages 25-30 of Code)</li> <li>• The governing body should keep records of the learning activities of individual members and the body as a whole. This should record all learning activities</li> </ul>	TPF hold a Training and Attendance Policy which should be reviewed annually. Additionally, the Pension Board and Committee members are required to self-assess their knowledge and understanding of Pensions every year using an established framework, with the intention to use the results to create a structured training programme to address any gaps identified.	

Workstream	Current approach	Overview of the requirements of the Code	Proposed Strategy	Gap Analysis Status
		<p>including any alternative or further learning activities (e.g. reading, attending conferences, sessions with scheme advisers). Professional trustees should be able to demonstrate progress towards, completion of, or compliance with, a recognised appropriate qualification.</p> <ul style="list-style-type: none"> <li>• The governing body should maintain training and development plans to ensure that individual and collective knowledge and understanding is kept relevant and up to date</li> <li>• The governing body should be able to demonstrate that, as a group, they possess the skills, knowledge, and experience to run the scheme effectively (e.g. with a skills matrix)</li> <li>• Members of a governing body should review their own knowledge and understanding and identify any gaps at least annually</li> <li>• Members of governing bodies must record any review of knowledge and understanding, and steps taken to address gaps</li> <li>• The governing body should regularly carry out an audit of skills and experience</li> <li>• Professional trustees should be able to demonstrate progress towards, completion of, or compliance with, a recognised appropriate qualification</li> </ul>	<p>The Trustee confirmed individual records exist, however training attendance and engagement has been a key challenge, and introduction of a more formal regime would assist.</p> <p>PwC Report: Code requirements apply with reference to TKU and governance of TKU. Scheme continuity planning is recommended good practice. Internal Audit observations and recommendations detailed on page 7 of PwC's report</p> <p>Next Steps: Formalising the training structure and review process should be a priority for TPF, with consideration given to the resourcing required to affectively deliver this development .</p>	
9.	Value for members <a href="#">Value for members TPR code module   The Pensions Regulator</a>	<p>Required for pension schemes providing DC benefits. VFM assessment must:</p> <ul style="list-style-type: none"> <li>• Review charges and transaction costs borne by members' funds</li> </ul>	This is not required as it is not a DC scheme.	



Workstream	Current approach	Overview of the requirements of the Code	Proposed Strategy	Gap Analysis Status
		<ul style="list-style-type: none"> <li>• Assess the extent to which charges and costs represent good value for members</li> <li>• Explain their assessment of value for member in the annual chair's statement (see tab 'Communications &amp; disclosure')</li> </ul>		
10. Service Provider Policies  <a href="#">Managing advisers TPR code module   The Pensions Regulator</a>		<p>Establish a policy for selection of service providers / advisers, including consideration of:</p> <ul style="list-style-type: none"> <li>• Whether a tender process is appropriate</li> <li>• Degree of delegation</li> <li>• Experience and skillset of chosen service provider</li> <li>• Terms and conditions of contracts</li> <li>• Relevant independent frameworks, such as ISO certification or accreditation frameworks for specialist functions like admin</li> <li>• Appropriate levels of assessment and due diligence will be carried out as part of appointment process</li> <li>• Roles and responsibilities of providers/advisers</li> </ul> <p>For the appointment of service providers/advisers, there is no stipulation for an additional written policy, but Trustee Boards should:</p> <ul style="list-style-type: none"> <li>• Agree appropriate delegations and procedures for referral</li> <li>• Agree performance indicators on appointment and secure accountability within the service provider</li> <li>• Ensure flow of communication with the service provider or adviser, so all parties have necessary information to make key decisions and fulfil assigned roles</li> </ul>	<p>TPF has a Procurement Policy which is reviewed annually and there are contracts in place for service providers (including Isio).</p> <p>PwC Report: Code requirements are good practice. There were no internal audit observations (pg 9 of PwC's report).</p>	


Workstream	Current approach	Overview of the requirements of the Code	Proposed Strategy	Gap Analysis Status
		<ul style="list-style-type: none"> <li>Identify and manage conflicts of interest</li> <li>Have a process for replacing advisers and service providers</li> </ul> <p>Trustee Board should have in place a process for managing service providers /advisers, recording decisions taken as well as escalation points. The documentation may include:</p> <ul style="list-style-type: none"> <li>A documented framework for assessing the performance - including agreed strategic objectives, KPI's, SLA's and escalation points, with recorded outcomes, actions, and progress tracker</li> <li>A schedule for reviewing service providers / advisers including consideration of whether scheme continues to receive quality service and value for money.</li> <li>A process to ensure improvements are made where poor service is identified</li> <li>A pension scheme continuity plan</li> </ul>		
11.	<p>Risk Management Function</p> <p>'The risk management function should be proportionate to the size, nature, scale and complexity of the activities of the scheme'</p> <p><a href="#">Risk management function TPR code module   The Pensions Regulator</a></p>	<p>Under section 249A of the Pensions Act 2004 governing bodies of certain schemes with 100 members or more must have in place a risk management function.</p> <p>The risk management function may be a sub-committee of the governing body, or an independent body that facilitates reporting to the whole governing body or the relevant sub-committee.</p> <p>Responsibility for identifying and evaluating risks and/or internal controls and risk management may be delegated to this function.</p> <p>The Risk Management Function should:</p>	<p>This policy is compliant with the code.</p> <p>PwC Report: Code requirements are good practice. There were no internal audit observations (pg 9 of PwC's report).</p>	


Workstream	Current approach	Overview of the requirements of the Code	Proposed Strategy	Gap Analysis Status
		<ul style="list-style-type: none"> <li>be structured to enable the scheme to adopt strategies, processes, and reporting procedures to identify, measure, monitor, manage risk at an individual /aggregated level, to which the scheme is or could be exposed, and the interdependencies of such risks.</li> <li>where members and beneficiaries bear risks, consider those risks from the perspective of members and beneficiaries.</li> <li>report to governing body in a timely manner on the above responsibilities.</li> </ul>		
12.	Risk Register  <a href="#">Identifying, evaluating and recording risks TPR code module   The Pensions Regulator</a>	<p>The risk register should consider risks such as:</p> <ul style="list-style-type: none"> <li>Scheme investments, including asset liability management (if applicable)</li> <li>Insurances, compensation funds and other risk mitigation techniques</li> <li>Environmental, social and governance risks (if applicable)</li> <li>Scheme funding and the strength of the employer covenant (if applicable)</li> <li>The risk that existing controls are not operated as intended</li> <li>Risk of fraud</li> <li>Failure to comply with the law and/or scheme rules</li> <li>Poor record-keeping, poor administration, and IT and database failures</li> <li>Cyber security risks</li> <li>Governance and decision-making not operating to the standard required by pensions legislation</li> <li>Actual or potential conflicts of interest</li> </ul> <p>When evaluating risks the scheme objectives should be considered alongside any other relevant</p>	This policy is compliant with the code.	


Workstream	Current approach	Overview of the requirements of the Code	Proposed Strategy	Gap Analysis Status
		<p>sources of information. Trustees should ensure to also consider:</p> <ul style="list-style-type: none"> <li>• All various functions and activities carried out in the running of the scheme</li> <li>• The likelihood and impact of risks occurring and the interdependencies of risk exposures</li> <li>• New risks due to significant changes in the scheme, employer, or membership.</li> </ul> <p>The Trustee Board should be prepared to monitor, challenge, and review their risk evaluation process and outputs.</p> <p>Review of identified risks and risk register should be carried out at least quarterly by the responsible party.</p>		
13.	<p>Conflicts of interest policy / register</p> <p><a href="#">Conflicts of interest TPR code module   The Pensions Regulator</a></p>	<p>Governing bodies should maintain:</p> <ul style="list-style-type: none"> <li>• A written policy for managing actual and perceived conflicts of interests that can be published (for example on the scheme's website) redacted to the extent that it contains confidential information/personal data</li> <li>• A register of interests that records declarations of conflicts of interest, at the appointment of Trustees and as and when they arise</li> <li>• A record of conflicts of interest in relation to a decision-making process within the written records of meetings.</li> </ul> <p>Advisers / service providers must operate their own conflict of interest policy as part of terms of appointment and disclose conflicts to governing body</p>	<p>There is a current Conflicts of Interest policy, however, this has not been updated since 2025. Under the requirements of the code, the conflicts register would need to be updated.</p> <p>PwC Report: Code requirements partially apply. There were no internal audit observations (page 8 of PwC's report).</p>	






Workstream	Current approach	Overview of the requirements of the Code	Proposed Strategy	Gap Analysis Status
14. Trustee Business Continuity Plan (BCP)  <a href="#">Scheme continuity planning TPR code module   The Pensions Regulator</a>		<p>Governing bodies should seek to ensure that the performance of the scheme activities is continuous and regular. This will require having a resilient Business Continuity Plan ('BCP') setting out key actions in case a range of events occur that impact the scheme's operations.</p> <p>The BCP should:</p> <ul style="list-style-type: none"> <li>• Cover key areas or scheme activities such as member data and general scheme administration.</li> <li>• Set out roles and responsibilities to be agreed with service providers</li> <li>• Prioritise scheme activities in the event of the BCP being triggered</li> <li>• Detail contingencies in place to mitigate under resource and identify events which may require additional resources</li> </ul> <p>Administrators and other service providers must have their own business continuity plan that is reviewed at least annually and tested as appropriate</p> <p>BCP arrangements and process documents and maps should be periodically tested and reviewed regularly, particularly after a system or process change.</p>	<p>There is a current Business Continuity Plan in place, however, it was last updated in 2020. As per the Code, the continuity plan should be updated every 3 years. As the current plan in place is just over a year out of date this can take a lower priority.</p> <p>Next Steps: Isio could have a meeting with Tayside to discuss what needs to be updated in the BCP, Tayside may then go and update this themselves with any guidance they would like from Isio.</p>	
15. Own Risk Assessment (ORA)  <a href="#">Own risk assessment TPR code module   The Pensions Regulator</a>	No ORA yet completed	<p>The ORA is an assessment of how well governance systems are working, and the way potential risks are managed.</p> <p>An ORA is a requirement for schemes with over 100 members and should be prepared and documented within 1 year from the last day of the first scheme year that begins after the General Code is enforced.</p> <p>The ORA may be an index of other relevant documents recording existing risk</p>	ORA will be developed and undertaken by Trustee Board following sign off of ESoG. TPF have PwC engaged as Internal Audit service and they have already done an advisory ESoG (Code readiness) assessment. I would recommend that they be engaged to undertake this	


Workstream	Current approach	Overview of the requirements of the Code	Proposed Strategy	Gap Analysis Status
		<p>assessments and may include assurance reporting from service providers.</p> <p>The ORA should identify key governance risks facing the scheme and the findings should be incorporated into risk management and decision-making processes.</p>	<p>assessment as part of their audit remit.</p> <p>PwC Report: Code requirements are good practice. PwC's internal audit observations and recommendations are were included (pg 13 of PwC's report).</p>	
16.	<p>Internal controls</p> <p><a href="#">Internal controls TPR code module   The Pensions Regulator</a></p>	<p>Categories of internal controls can include (but are not limited to):</p> <ul style="list-style-type: none"> <li>• The prompt and accurate processing of financial transactions</li> <li>• Record keeping</li> <li>• Data monitoring</li> <li>• Monitoring of contributions (if required)</li> <li>• Cyber security procedures</li> <li>• IT policies (maintaining, upgrading, replacing hardware and software)</li> <li>• Procedure to address when a sponsor fails to meet legal duties to the scheme, in relation to scheme data / record keeping</li> <li>• Procedure to reconcile employer and scheme data (if required)</li> </ul> <p>The documented internal controls should consider</p>	<p>The Trustee confirmed that Internal Controls assessments are undertaken annually by Audit Scotland as part of their remit. The outcome of these assessments are contained within the funds annual report.</p>	




Workstream	Current approach	Overview of the requirements of the Code	Proposed Strategy	Gap Analysis Status
		<ul style="list-style-type: none"> <li>• Separation of duties and processes for escalation and decision-making.</li> <li>• How the control will be implemented and the skills of the person performing the control</li> <li>• The level of reliance that can be placed on information technology solutions where processes are not automated</li> <li>• Whether the control is capable of preventing future recurrence or merely detecting an event that has already happened</li> <li>• The frequency and timeliness of a control process</li> <li>• How the control will ensure that data is managed securely</li> <li>• The process for identifying errors or control failures, and approval and authorisation of controls</li> <li>• Whether professional advice is needed when designing controls</li> </ul> <p>There are different approaches to maintaining internal controls that can be considered such as regular review of performance, third party assurances, service provider assurances.</p>		
17.	<p>Assurance Reporting and Internal Audit Function</p> <p><a href="#">Assurance reports on internal controls TPR code module   The Pensions Regulator</a></p>	<p>The scope and nature of internal audit work / the level of assurance reporting can be tailored to meet the requirements of the governing body. This may include financial and non-financial processes and controls.</p> <p>For each assurance report the Trustees should:</p> <ul style="list-style-type: none"> <li>• Consider the process for appointing service providers</li> </ul>	This policy is compliant with the code.	

Workstream	Current approach	Overview of the requirements of the Code	Proposed Strategy	Gap Analysis Status
		<ul style="list-style-type: none"> <li>Understand the scope, methodology and supporting evidence used as the basis for the report</li> <li>Be clear where control objectives have been included, excluded, or modified</li> <li>Detail the level of interrogation carried out in assessing the scheme and internal controls</li> </ul>		
Investment				
18.	Statement of Investment Principles  <a href="#">Statement of investment principles TPR code module   The Pensions Regulator</a>	Requirement for schemes with over 100 members (good practice for those with less). The SIP must contain. <ul style="list-style-type: none"> <li>The governing body's policy for securing compliance with the legislation on choosing investments</li> <li>The governing body's policies relating to:               <ul style="list-style-type: none"> <li>the investments to be held by the scheme</li> <li>the balance between different investments</li> <li>risks - including how they are to be measured and managed</li> <li>the expected return on investments</li> <li>the realisation of investments</li> <li>financially material considerations and how they are considered in investment decisions</li> <li>the extent to which non-financial matters are considered in investment decisions</li> <li>how the governing body exercises rights, including voting rights, attached to investments</li> <li>undertaking engagement activities in respect of investments, including but not limited to the methods set out in legislation</li> </ul> </li> </ul>	This policy is compliant with the code.  PwC Report: Code requirements are good practice. There were no internal audit observations (pg 10 of PwC's report).	



Workstream	Current approach	Overview of the requirements of the Code	Proposed Strategy	Gap Analysis Status
		<ul style="list-style-type: none"> <li>- any arrangement with the asset manager, setting out the matters described in legislation</li> </ul> <p>A default SIP must contain</p> <ul style="list-style-type: none"> <li>• The aims and objectives of the trustees or managers in respect of the investments in the default arrangement</li> <li>• The matters set out in the Investment Regulations</li> <li>• An explanation of the intention to ensure that assets</li> </ul>		
19. Investment Monitoring <a href="#">Investment monitoring TPR code module   The Pensions Regulator</a>		<p>Monitoring reports in themselves are not a requirement, but trustees are required to assess the performance of scheme assets at least quarterly.</p> <p>The monitoring of investments should include:</p> <ul style="list-style-type: none"> <li>• procedures to consider investment returns both before and after fees against relative benchmarks</li> <li>• procedures to compare investment performance against stated investment principles at least quarterly</li> <li>• procedures to consider fees and costs and whether justified</li> <li>• controls to alert the trustees to potential financial risks relating to their investment manager</li> <li>• where applicable, procedures to consider the governing body's value for member assessment</li> <li>• consideration of ESG factors, including shareholder engagement and processes should be in place to ensure compliance</li> </ul> <p>The investment monitoring process should be regularly assessed, ensuring proper review,</p>	<p>Investment monitoring reports are provided to the Board &amp; Committee on a quarterly basis, and also annually – reviewed by Isio.</p> <p>The reports are confidential and therefore will never be published on the website.</p> <p>PwC Report: Code requirements are good practice. There were no internal audit observations (pg 10 of PwC's report).</p>	




Workstream	Current approach	Overview of the requirements of the Code	Proposed Strategy	Gap Analysis Status
		and monitoring of investments and making improvements as appropriate		
20.	Investment Decision Making  <a href="#">Investment decision-making TPR code module   The Pensions Regulator</a>	<p>The process should ensure:</p> <ul style="list-style-type: none"> <li>Investment decisions can be made in an effective and timely manner and implemented promptly and appropriately</li> <li>All parties are clear on where responsibility and accountability sit in relation to the provision of oversight, advice, and decision-making</li> <li>Trustees are regularly assessing the effectiveness of the governing body's investment decision-making and governance process</li> </ul> <p>The following should be documented:</p> <ul style="list-style-type: none"> <li>Objectives and strategies, regularly reviewed to assess whether investment performance is in line with objectives and continues to remain suitable for members</li> <li>Changes to investments or investment strategy, the reasons they were needed, and the improvements expected</li> <li>If using bespoke investment arrangements to meet specific requirements, a clear explanation of their strategy and objectives and how the specific requirements will be met</li> <li>Clear identification of any investments not traded on a regulated market, why such investments are being used and how they fit in with the agreed investment objectives</li> </ul>	<p>This policy is compliant with the code.</p> <p>PwC Report: Code requirements are good practice. There were no internal audit observations (pg 10 of PwC's report).</p>	
21.	Climate change policies	Governing bodies must:	This policy is compliant with the code.	



Workstream	Current approach	Overview of the requirements of the Code	Proposed Strategy	Gap Analysis Status
<a href="#">Climate change TPR code module   The Pensions Regulator</a>		<ul style="list-style-type: none"> <li>Maintain and document processes for identifying and assessing climate-related risks and opportunities</li> <li>Integrate these processes into their risk management and governance arrangements</li> </ul>	<p>PwC Report: Code requirements are good practice. There were a number of internal audit observations and recommendations (pg 11&amp;12 of PwC's report).</p>	
<p>22. Implementation Statement</p> <p><a href="#">Stewardship TPR code module   The Pensions Regulator</a></p>		<p>The report must cover, or broadly include:</p> <ul style="list-style-type: none"> <li>A statement by the trustees giving details of any investments during the scheme year that were not made in accordance with the Statement of Investment Principles (SIP) and an explanation why</li> <li>Any action taken or proposed to remedy the deviation from the SIP</li> <li>A review of the investments' performance during the scheme year</li> <li>An assessment of the type of investments covering their geographical location, liquidity, security, and value of the scheme assets</li> <li>How closely, in the opinion of the trustees, they have followed their policy in relation to the exercise of the rights (including voting rights) attaching to the investments</li> <li>A description of the voting behaviour by, and on behalf of, the trustees in the preceding year, including the most significant votes cast by trustees</li> <li>A statement of any use of the services of a proxy voter during that year</li> </ul> <p>Copies of the trustees' policies in relation to:</p> <ul style="list-style-type: none"> <li>financially material considerations and non-financial matters which are considered in the trustees' investment activities</li> </ul>	<p>Investments have to be taken in keeping with the Fund's investment principles and ESG policy. If there were instances where investments were made not in accordance, they would be noted in the annual report.</p>	





Workstream	Current approach	Overview of the requirements of the Code	Proposed Strategy	Gap Analysis Status
		<ul style="list-style-type: none"> <li>exercise of the rights attached to investment and undertaking engagement activities relating to the investments (including how and when trustees would monitor and engage with relevant persons about relevant matters)</li> <li>The trustees' arrangements with asset managers</li> </ul>		
23.	Objective setting for investment consultants  <a href="#">Investment governance TPR code module   The Pensions Regulator</a>  <a href="#">Set objectives for your investment consultant   The Pensions Regulator</a>	There is a requirement to: <ul style="list-style-type: none"> <li>Set advisor objectives (and review at least every three years)</li> <li>Monitor and assess performance (at least annually)</li> </ul>	The policy is compliant with the code.  PwC Report: Code requirements are good practice. There were no internal audit observations (pg 10 of PwC's report).	
24.	Charge cap compliance  <a href="#">Default arrangements and charge restrictions TPR code module   The Pensions Regulator</a>	There is a requirement to: <ul style="list-style-type: none"> <li>document how you identify whether default arrangements observe the charge controls, including the calculation process</li> <li>have processes in place to identify and report any activities involving charging member's commission</li> <li>where restrictions on costs and charges have been breached, consider whether this is reportable</li> </ul>	Not required as not a DC scheme.	
Administration				
25.	Stewardship reports  <a href="#">Planning and maintaining administration TPR code module   The Pensions Regulator</a>	Not explicitly required under the code, but governing bodies must have a means to regularly monitor the performance of administrators	This policy is compliant with the code.	






Workstream	Current approach	Overview of the requirements of the Code	Proposed Strategy	Gap Analysis Status
26. Record keeping <a href="#">Record keeping TPR code module   The Pensions Regulator</a>		Ensure accurate and up-to-date records are maintained	<p>Isio were unable to find a separate document explicitly outlining the record keeping process. However, in the March 2024 pension administration strategy, it does mention that member data is stored electronically.</p> <p>The in-house Pensions Service Manager has confirmed that Data retention and record keeping is in accordance with DCC data retention policies.</p> <p>Next Steps: Isio are able to support Tayside with updating a record keeping process. This may only need an additional paragraph to outline how the data is stored, how long for etc.</p> <p>This is planned to be integrated into the ORA under the internal controls section of the code.</p> <p>Trustee has confirmed it will amend its administration strategy to include data retention and data improvement plan.</p>	
27. Data Improvement Plan <a href="#">Data monitoring and improvement TPR code module   The Pensions Regulator</a>		<p>A review of scheme data should be considered at least annually. As part of the review, trustees should:</p> <ul style="list-style-type: none"> <li>Consider the frequency and nature of any additional data reviews where errors or gaps are identified, or in response to significant scheme events (e.g. wind-up)</li> <li>Ensure data reviews include an assessment of the accuracy and completeness of common and scheme specific data</li> <li>Keep a record of data reviews undertaken and their findings (where errors and gaps</li> </ul>	<p>Isio were unable to find any policies that outline a data improvement plan, however the in-house Pensions Service Manager has confirmed that Data Enrichment Assessment is provided by the systems provider (Heywoods) in preparation for Pensions Dashboard and that data reviews are conducted annually in accordance with tPR regulations and are submitted as part of Scheme Returns.</p>	

Workstream	Current approach	Overview of the requirements of the Code	Proposed Strategy	Gap Analysis Status
		are identified) put in place a data improvement plan to address these issues.	<p>Next Steps: Isio can support Tayside in drafting a document outlining data monitoring and improvement plans. It may be useful to draft this document alongside the record keeping policy rather than having two separate policies.</p> <p>This is planned to be integrated into the ORA under the internal controls section of the code.</p> <p>Trustee has confirmed it will amend its administration strategy to include data retention and data improvement plan.</p>	
28.	Data protection / Cyber policies  <a href="#">Cyber controls TPR code module   The Pensions Regulator</a>	<p>The code does not specifically state the data protection policies required, but we expect these to be:</p> <ul style="list-style-type: none"> <li>• GDPR policy &amp; privacy notice</li> <li>• Data breaches policy &amp; log</li> <li>• Cyber security policy &amp; procedures</li> <li>• Fraud prevention policy</li> <li>• IT device policies (e.g. for accessing data with various devices) – see 'Managing cyber risk'</li> </ul>	<p>TPF comes under the DCC data protection umbrella (as they are the administering authority). TPF are happy to share all relevant information for DCC for assessment purposes.</p>	
29.	Administration IT systems  <a href="#">Maintenance of IT systems TPR code module   The Pensions Regulator</a>	<p>The governing bodies' service providers must:</p> <ul style="list-style-type: none"> <li>• Put written policies in place for maintaining, upgrading, and replacing hardware and software.</li> <li>• Provide evidence to show that there is a schedule for the system to be replaced or updated, such as changes to tax thresholds.</li> </ul>	<p>The Trustee confirmed that the Heywoods contract (IT System) contains all the relevant items explained in the code.</p>	
30.	Financial transactions	Governing bodies must have established processes and procedures to ensure financial transactions are processed promptly and accurately.	There are details of key financial transactions on the customer side within the administration strategy (i.e. death grants).	

Workstream	Current approach	Overview of the requirements of the Code	Proposed Strategy	Gap Analysis Status
<a href="#">Financial transactions TPR code module   The Pensions Regulator</a>			<p>It is still believed that there may be grey areas in relation to rebalancing of portfolio and draw down from custodian to pay pensions.</p> <p>These could be incorporated into the treasury policy.</p>	
Communication & Disclosure				
31. General Principles  <a href="#">General principles for member communications TPR code module   The Pensions Regulator</a>  <i>Governing bodies should regularly review member communications, applying the general principles set out on page 130 of the General Code</i>		Governing bodies should <ul style="list-style-type: none"> <li>• Ensure that all communications sent to members are accurate, clear, concise, relevant and in plain English</li> <li>• Regularly review member communications, taking account of member feedback, any changes to scheme design and developments in law</li> <li>• Consider available technology</li> <li>• Consider communication methods - accessible online content, audio, Braille, large font, and languages</li> <li>• Consider what additional information or explanation members may need to help them make informed decisions</li> <li>• For DC and hybrid schemes, regularly inform members of the impact their contributions will have on their overall benefits.</li> </ul>	Tayside Pension Fund maintain a Communications Policy which is reviewed annually (as required by the Local Government Pension Scheme (Scotland) Regulations 2014) and covers the requirements of the code. This document should continue to be reviewed regularly, with consideration given to how updates in communication technology can be effectively employed where appropriate.  PwC Report: Code requirements are applicable. There were no internal audit observations (pg 12 of PwC's report).	
32. Annual pension benefit statements (AVC's)  <a href="#">Annual pension benefit statements (DC) TPR code module   The Pensions Regulator</a>		The governing body must provide annual AVC statements	Annual benefit statements come straight from the AVC provider to the member.	

Workstream	Current approach	Overview of the requirements of the Code	Proposed Strategy	Gap Analysis Status
33.	Summary funding and benefit statements  <a href="#">Summary funding and pension benefit statements (DB) TPR code module   The Pensions Regulator</a>	The governing body must: <ul style="list-style-type: none"> <li>Provide member and beneficiaries with a summary funding statement. For schemes with fewer than 100 members the summary funding statement is only required triennially</li> <li>Issue benefit statement to members on request within 2 months</li> </ul>	Annual benefit statements are confidential and are all held within the member self-service portal.  The Trustee noted that all annual benefit statements are issued in accordance with regulatory requirements.	
34.	Scams <a href="#">Scams TPR code module   The Pensions Regulator</a>	The governing body must: <ul style="list-style-type: none"> <li>Check that at least one of the conditions for a transfer out of the scheme are met</li> <li>Carry out due diligence on the scheme to which the member wishes to transfer</li> <li>Take appropriate steps to mitigate the risk of scams and raise awareness with members</li> </ul>	Isio were unable to find any written policies on preventing and mitigating scams, however the in-house Pensions Service Manager has confirmed that all pension processes have been amended to protect against scams and these processes have since been audited thoroughly by PwC. Furthermore, scam prevention information is highlighted on the TPF website and included in all member documentation with regards to transfers.	
35.	Internal Dispute Resolution Process  <a href="#">Dispute resolution processes TPR code module   The Pensions Regulator</a>	The IDR policy should include: <ul style="list-style-type: none"> <li>Contact details for matters relating to disputes</li> <li>The process to apply for the dispute to be resolved</li> <li>The process by which any decisions are reached</li> </ul> tPR sets expectations regarding the timeframes within which trustees must respond to member disputes.	This policy is compliant with the code.  PwC Report: Code requirements apply. There were no internal audit observations (pg 6 of PwC's report).	
36.	Chair's Statement  <a href="#">Chair's statement TPR code module   The Pensions Regulator</a>	When required, the Chair's statement should broadly cover the following areas: <ul style="list-style-type: none"> <li>The default investment arrangement and its governance</li> </ul>	Not required as it is not a DC Scheme.	

Workstream	Current approach	Overview of the requirements of the Code	Proposed Strategy	Gap Analysis Status
		<ul style="list-style-type: none"> <li>• The processing of core financial transactions</li> <li>• Disclosure of net investment returns</li> <li>• Disclosure of costs and charges (including transaction costs) relating to the default arrangement and self-selected funds and their long-term effect on returns</li> <li>• Trustee knowledge and understanding</li> <li>• The trustee board and member representation (for master trusts only)</li> <li>• The assessment of value for members</li> </ul>		
37.	Scheme Accounts  <a href="#">Audit requirements TPR code module   The Pensions Regulator</a>	Prepare Scheme accounts within 7 months of the Scheme's year end.	This policy is compliant with the code.	

Workstream	Current approach	Overview of the requirements of the Code	Proposed Strategy	Gap Analysis Status
Reporting to tPR				
38.	Scheme Return  <a href="#">Registrable information and scheme returns TPR code module   The Pensions Regulator</a>	Registrable information includes mainly basic scheme details and is populated via exchange.	The Trustee confirmed that Scheme returns are completed annually in accordance with regulatory requirements.	
39.	Reporting to tPR  Breaches of law must be made to tPR in writing - in most cases this should be within 10 working days  <a href="#">Reporting to TPR code section   The Pensions Regulator</a>	The governing body should have: <ul style="list-style-type: none"> <li>• An understanding of the reporting requirements set out on pages 158 to 168 of the General code</li> <li>• A process for clarifying the law and facts around the suspected breach where needed</li> <li>• A process to consider the material significance of the breach and the referral process to tPR</li> <li>• A system to record breaches, even if they are not reported</li> <li>• A process for reviewing reporting procedures following important changes to the scheme's governance arrangements</li> </ul>	Isio were not able to find any documentation on reporting breaches of the law to tPR. However, it is to be assumed that Tayside Pension Fund are aware and have a good understanding on the requirements.  Next Steps: Tayside to confirm that they have an understanding and awareness on the requirements of reporting breaches of the law. Tayside can draft a document to outline the requirements and process for reporting breaches of the law. This can be done with Isio's help and support.	

# Register of policies / scheme documentation

The table below summarises your existing policies and scheme documentation.

Policy / Documentation	Last reviewed
Trustee Appointment policies	February 2015
Member Nominated Director Appointment Policy	February 2015
Meeting/decision making policy	February 2015
Trustee Training Policy	March 2023
Risk Management Function	June 2023
Risk Register	September 2024
Conflicts of Interest policy/register	February 2015
Continuity Plans	March 2020
Communications Policy	March 2025
Procurement Policy	March 2024
Assurance Reporting and Internal assurance framework	June 2024
Statement of Investment Principles	March 2024
Sub-committee terms of reference (Investment)	March 2024
Investment decision making process	March 2024
Climate change policies	May 2024
Objective setting for investment consultants	March 2024
Stewardship Reports	December 2024
Scheme accounts	September 2023/24
Internal dispute resolution policy	N/A





**ITEM No ...8.....**

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

**REPORT ON:** REVISED PENSION ADMINISTRATION STRATEGY

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

**REPORT NO:** 259-2025

## **1 PURPOSE OF REPORT**

This report sets out the Fund's policy in respect of the standards required of both the Fund and the participating employers to ensure that statutory obligations are met and to demonstrate effective and efficient service delivery. The strategy contains a variety of performance measures against which the Fund and participating employers are assessed, with performance reported to the Committee.

## **2 RECOMMENDATIONS**

The Sub-Committee is asked to approve the revised strategy contained within, noting the inclusion of record keeping and data improvement in sections 5 and 6 of the Pension Administration Strategy.

## **3 FINANCIAL IMPLICATIONS**

There are no financial implications.

## **4 BACKGROUND**

The current Administration Strategy was approved by the Sub-Committee on 17 March 2025 (Article III of the Minute of Meeting of the Pension Sub-Committee of the City Governance Committee & Pension Board of 17 March 2024, Report No 100-2025 refers). Administration performance reporting has been reported on a quarterly basis since September 2016.

As part of a review of compliance with the Pensions Regulators Revised Code, Isio, the Fund's advisors recommended inclusion of record keeping and data improvement to the Pension Administration Strategy.

## **5 EMPLOYER CONSULTATION**

Employers have been consulted in the drafting of this strategy and have also received the draft report.

## **6 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.

There are no major issues, other than Risk Management itself, which is addressed through the register.

## **7 CONSULTATIONS**

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

## **8 BACKGROUND PAPERS**

None

**PAUL THOMSON**  
EXECUTIVE DIRECTOR OF CORPORATE SERVICES

**15 SEPTEMBER 2025**

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# **PENSIONS ADMINISTRATION STRATEGY**

**2025-26**

**CONTENTS**

1. Introduction
2. Pensions Administration Strategy
3. Roles and Responsibilities
4. Service Standards and Performance Measures
5. Member data / Record keeping
6. Data improvement
7. Communication
8. Monitoring and Reporting
9. Discretions
10. Improving employer performance
11. Circumstances where costs may be recovered as a result of poor performance

Appendix A – Duties and responsibilities - Employer

Appendix B – Duties and responsibilities - Fund

Appendix C – Service Standards – Employer

Appendix D – Service Standards – Fund

Appendix E – Performance Measures

## 1. Introduction

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

The Fund is committed to providing high quality pension service to both members and employers and particularly to ensure members receive their correct pension benefit entitlement.

These aims are best achieved where the Fund and employers work in partnership and are clear about their respective roles and responsibilities. The quality of service provided to members is therefore dependent on both parties meeting high standards of accuracy and timeliness of information supplied

This document sets out the duties and statutory responsibilities of the employer (Appendix A), the Fund (Appendix B) and also specifies the level of services the parties will provide to each other (Appendices C & D) and the performance measures used to evaluate them (appendix E).

This strategy statement is an over-arching agreement between the Fund and all its employers and as such it is essential that both understand what they are required to do and communicate with each other effectively and in a timely manner. A failure to achieve this can result in:

- members suffering loss and distress
- the pensions regulatory organisations fining and publicly naming and shaming a party that is at fault
- employers' contributions being set at higher levels.

This Strategy is designed to help employers and the Fund work together to improve data quality and reduce the risk of rules breaches that could result in penalties. Its focus is on the timely flow of accurate information between employers and the Fund.

## 2. Pension Administration Strategy Statement

This strategy statement will be kept under review on an annual basis and revised where appropriate. The statement will be issued to all participating employers.

Strategy Principles - in agreeing this strategy, all parties commit to:

- achieving a high-quality pension service to employees
- continually developing and improving efficient working arrangements
- striving to exceed the Fund's service standards
- an annual report of performance
- keeping the pension administration strategy under review.

## 3. Roles and responsibilities

- Employer's duties and responsibilities listed in Appendix A
- Fund duties and responsibilities are listed in Appendix B.

## 4. Service standards and Performance Measures

Service standards in relation to the Employer are shown in Appendix C with performance measures being shown in Appendix E.

It is the employer's responsibility to provide correct information about their members. The Fund is not responsible for checking the accuracy of any information provided by the employer. However,

the Fund will inform the employer of any differences between information provided by the employer and information already provided. Information is to be issued to the Fund using the provided secure online portal and in the agreed format.

From 1st April 2015 the Pensions Regulator became the body responsible for the oversight of effective governance, management and administration of the LGPS. The Regulator has provided that where Funds and scheme employers can be fined for non-compliance.

Service standards in relation to the Fund are shown in Appendix D with performance measures being shown in Appendix E.

The Fund aims to provide the information within the timescales shown, but amended timescales may be agreed in exceptional circumstances at the employer's request.

## **5. Member Data / Record Keeping**

Accurate and up-to-date data is essential to the provision of pension scheme administration. It forms the basis of statutory requirements such as annual benefit statement, pension saving statement, individual member benefit calculations as well as being vital for actuarial and accounting purposes.

The Fund, as controllers of data, are required by data protection legislation to comply with the principles of data minimisation and storage limitation. Personal data we process:

- must be adequate, relevant and limited to what is necessary in relation to the purposes for which it is processed; and
- must not be kept in a form which permits identification of a data subject for longer than is necessary for the purposes for which the personal data is processed

The Fund are obliged to retain certain records (whether in hard copy or electronic form) for various periods of time because:

- there is a statutory obligation to do so; and/or
- the information contained in those records may be necessary for the future (for example, queries may arise about the calculation of benefits paid in the past, and data that may be relevant to a possible legal claim).

The following sets out the measures to comply with the principles of data minimisation and storage limitation in relation to personal data that it holds:

- The Fund holds and processes the following types of personal data in relation to members and beneficiaries of the Fund:
  - contact details, including name, address, telephone numbers and email address
  - identifying details, including date of birth, national insurance number, employee and membership numbers
  - information used to calculate and assess eligibility for benefits (e.g. length of service, membership and salary information)
  - financial information relevant to the calculation or payment of benefits, for example, bank account and tax details
  - information about the member's family, dependents, representatives or personal circumstances
  - information about the member's health, (e.g. to assess eligibility for benefits payable on ill health)
  - information about a criminal conviction if it has resulted in the member owing money to the member's employer or the Fund and the employer or Fund may be reimbursed from the member's benefits
- During any period when personal data is held, personal data will be kept up to date and all reasonable steps will be taken to ensure that inaccurate data is either erased or rectified without delay.
- The Fund will periodically review the personal data that is retained and consider whether it is still required; any personal data that is no longer required will be destroyed.

- Data protection legislation requires retention of personal data for no longer than is necessary in order to fulfil the purpose(s) for which it is processed. Given the long-term nature of pensions, personal data is retained to:
  - comply with legal and regulatory obligations regarding the payment of benefits
  - deal with any questions or complaints that we may receive
  - Personal data is stored for the greater of:
    - such period as the member (or any beneficiary who receives benefits after the member's death) are entitled to benefits from the Fund and for a period of 15 years after those benefits stop being paid
    - 100 years from the member's date of birth
    - 100 years from the date of birth of any beneficiary who received benefits from the Fund after the member's death.

The above considers the guidelines on the retention of personal data as set out by or in the following:

- Information and Records Management Society
- The National Archives
- HMRC compliance handbook manual CH15400
- Lord Chancellor's Code of Practice on the Management of Records issued under
- Section 46 of the Freedom of Information Act 2000
- Information Commissioner's Office's guidance on storage retention
- The Pension Regulator's code of practice 14 for public service pension schemes
- Members of the Fund and beneficiaries have a right to access and obtain a copy of the personal data that is held, and to ask us to correct personal data if there are any errors or it is out of date or incomplete.
- In certain circumstances a member / beneficiary has the right to:
  - object to the processing of their personal data
  - restrict the processing of their personal data until any errors are corrected
  - transfer their personal data
  - erase their personal data
- If the exercise of the member's/beneficiary's rights would prevent payment of benefit, consideration of retaining a minimised version of that member's/beneficiary's personal data in order to fulfil legal and regulatory obligations.

## 6. Data Improvement

Member data is considered a key priority, not just by the Fund, but also by the Pensions Regulator and the Fund must submit data quality results to the Pensions Regulator annually. The use of electronic submission of data has improved the quality of data received, however the Fund will continue to work with employers for instances of missing/mismatched data.

The Pensions Regulator (TPR) urges schemes to have effective processes for maintaining and continually improving data, and TPR splits data into two categories: 'Common' and 'Scheme Specific'.

- 'Common' data is data used so that a member can be uniquely identified and consists of things like National Insurance (NI) number.
- 'Scheme Specific' data is data used to accurately calculate member benefits and consists of things like date of leaving and contributions.

TPR requires an annual scheme return about the quality of its data. The percentage of member records passing ALL tests required by TPR on our data extract of November 2024 was:

- Common data 97%
- Scheme-specific data 96%

The Fund are committed to enhancing the accuracy, completeness, and reliability of pension data through a multi-faceted approach. Actuarial valuations will continue to be used to identify anomalies, supported by targeted sense-checking of individual data items using tolerance and consistency limits. The system provider's "Insights" tool will be used not only for annual TPR scheme data return, but also to conduct deeper analysis to identify areas requiring improvement, particularly where data quality has declined year-on-year.

Data collection processes will remain robust, including the continued use of year-end and monthly CARE returns from employers to identify missing notifications of starters and leavers. National databases such as DWP's 'Tell Us Once' service, the National Fraud Initiative, and mortality screening services will be used to verify member information and update records accordingly. Member communications, including benefit statements and newsletters, will be used to identify and cleanse inaccurate data, and undeliverable mail will prompt address verification efforts.

The Fund will enhance member engagement by expanding online access to pension records, enabling updates to personal details and increasing email contact points. Employer support will be strengthened through tailored data improvement plans informed by KPI development, annual consultations on our Pension Administration Strategy, and ongoing communication via our website and newsletters. Training outputs will be expanded to include bespoke sessions. All data collection processes will be clearly documented, regularly reviewed, and subject to audit. Staff training on data management will be increased, and annual certificates of existence will continue to be required for overseas pensioners and those with powers of attorney.

## **7. Communication**

In accordance with the scheme regulations the Fund prepares, reviews and publishes a separate communication policy

## **8. Monitoring and Reporting**

Performance and service standards will be monitored on an ongoing basis, with performance against key performance indicators reported quarterly to the Committee and Pensions Board and published on the Fund website. Annual performance will also be included in the annual report.

## **9. Discretions**

The Funds policy on the exercise of its discretions are set out in a separate policy statement which will be reviewed, amended and published as required.

## **10. Improving employer performance**

The Fund will assist employers in identifying and helping to improve areas of poor performance. The Fund will do this by:

- Reminding employers of the required standards and timescales
- Offering training and guidance
- Offer to meet with the employer to discuss areas of poor performance and how they may be improved.

## **11. Circumstances where costs maybe recovered as a result of poor performance.**

The Local Government Pension Scheme (Scotland) Regulations at section 65 allows the Fund to recharge to the employer the cost of any additional resources they have needed to employ as a result of an employer's poor performance.

The Fund may make the following charges:

Failure to pay contributions by the 19 <sup>th</sup> of the month following the deduction for pay.	Interest calculated in accordance with Regulation 66(4) of the LGPS (Scotland) Regulations 2018.
Failure to provide the Fund with end of year schedule by stipulated deadline or the statutory deadline (30 <sup>th</sup> June). Late submission of this data creates pressure on the Fund being able to meet its statutory requirements of the provision of an annual benefit statement by 31 <sup>st</sup> August, a Pension	£200 for failing to meet the Fund deadline. (May) £200 for failing to meet Statutory deadline. (30 <sup>th</sup> June)  Where queries regarding missing or mismatched data are not remedied in agreed



Saving Statement by 6 <sup>th</sup> October, and where applicable submission of data for the actuarial valuation.	timescales a further charge of £1 per member per week may also be levied.
Failure to submit monthly contribution return, in and by the agreed format, by 19 <sup>th</sup> of the month following deduction of contributions	£50 per occurrence

Where the Fund has determined that the above costs have become payable it will provide the scheme employer with written notice detailing the reasons and the amount due.

<b>Appendix A – Duties and responsibilities of scheme employers</b>
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- To decide those employees eligible to become members of the Scheme.
- If eligible, a new employee must be treated as a member unless he/she elects otherwise.
- To advise employees of their rights under Auto Enrolment legislation.
- To determine a member's pay (or fees) for the purposes of pension contributions
- To supply timely and accurate information to the Fund regarding new members, leavers and changes in employment required for pension administration purposes
- To determine and advise members of their contribution rate annually on the basis of the member's rate of pensionable pay having regard to guidance issued by the Scottish Ministers, and to ensure such deductions are made from members pay.
- To decide whether members are employed in a full-time, part-time or variable time capacity. If part-time, to determine the proportion of comparable full-time hours.
- To issue a Certificate of Protection of Pension Benefits if asked to do so by scheme member within 12 months of a material reduction or restriction in the member's pay, where such reduction or restriction arose otherwise than by virtue of the member's own volition. A copy of the Certificate should be kept on file, with another issued to the member and the Fund.
- If a Certificate of Protection of Pension Benefits is issued, to keep a record of the member's pay for the period commencing 3 years before the effective date of the certificate and ending 10 years after the effective date of the certificate.
- To comply with relevant auto-enrolment legislation regarding members who have previously opted out of the Scheme, including auto-enrolling such members again as required.
- To use an independent Medical Officer qualified in Occupational Health Medicine, (who has been approved by the Fund), in determining ill-health retirement and provide the Fund with a relevant certificate where appropriate.
- To notify a member, in writing, whose rights or liabilities are affected by a 'first instance' decision made by the employer under the Regulations
- To appoint a person designated to receive appeals from employees on 'first instance decisions' under the Regulations.
- When issuing any statement issued to an employee relating to any decision made about the scheme, to include a notice drawing the employee's attention to their right of appeal under the LGPS. However, the Fund will issue, on behalf of the employer, a Statutory Notice detailing when a member joins the Fund. This Statutory Notice includes details of the employee's right of appeal against the decisions made at these times.
- To ensure that all member election to move between the main and 50:50 sections are applied and that notification is issued to the Fund.
- To determine a member's entitlement to benefit on cessation of scheme membership, employment or on a member's application for early release of benefits or flexible retirement and provide early retirement authorisation as and when appropriate.
- Where an employee opts out of the Scheme within the timescale for auto-enrolment, the employer must:
  - ensure that pension contributions deducted previously are refunded previously
  - advise the Fund via the appropriate secure online portal that the employee has opted out and should be treated as never having been a member of the Scheme
- To determine and provide final pay for the purposes of calculating benefits due from the Scheme, both in terms of a members CARE pay and also their Fulltime Equivalent (FTE).
- To collect, pay over and account for the deduction of the correct rate of pension contributions payable by both the members and the Employer.

- If notified of a member's election to pay Additional Voluntary Contributions, to deduct from the member's pay the specified amount and to pay over those amounts to the relevant AVC provider/Fund. To ensure that final payments are deducted made to the provider before a member's retirement (where possible).
- To provide prospective members with basic information about the Scheme using, by signposting them to the Fund website at [www.taysidepensionfund.org](http://www.taysidepensionfund.org).
- To ensure those not joining are fully aware of the benefits given up and that equalities principles are met.
- To maintain employment records for each scheme member for the purposes of determining membership and entitlement to pension benefits.
- To decide whether to award additional compensatory years under the Discretionary Regulations. At the request of the employer, the Fund will calculate and pay the benefits arising as a result of the employer awarding additional compensatory years along with the main scheme benefits, and the employer will reimburse the Fund for all such amounts paid. Where the Fund is not reimbursed within the agreed timescale, the payment of such additional benefits may cease until the matter is resolved to the satisfaction of the Fund.
- To provide details of officers or representatives who are to receive employer communications issued by the Fund. Details should be kept up to date as necessary.
- To provide details of senior officers or representatives authorised to sign early retirement authorisation letters/memos.
- To ensure that all relevant officers (e.g. HR/Payroll) can access the Fund's secure online portal in order to submit forms and other information
- To ensure all information is provided as required regarding members' employment, using the secure online portal. Data provided should comply with Data Protection legislation.
- To provide additional information as required for actuarial valuation, year-end exercises, data-matching or communication purposes. The specification for such exercises will be provided by the Fund and may, after consultation, be modified from time to time.
- To respond to Fund queries resulting from the annual year end routines by the date determined annually by the Fund to facilitate the preparation of annual benefit statements.
- To ensure the Fund is informed about, and Government guidance is followed in respect of, any transfer of members in respect of an outsourcing of service arrangement, and any subsequent changes to that arrangement which would impact on those members.
- To inform the Fund of any planned changes to their pension provision for employees, including whether the scheme is open to new employees, bulk transfers of employments or any redundancy exercises as soon as known.
- Annual report and account information should be provided to the Fund as soon as possible after the Employers year end.
- To maintain awareness and understanding of the Fund's Governance Policy, Actuarial Valuation Reports and Funding Strategy Statement and take part in consultations on strategic issues.
- Employers must complete and return a compliance certificate on an annual basis. This document confirms that employers understand their responsibilities and statutory obligations under the Scheme Regulations.
- To inform members awarded additional compensatory years that the payment of the award will be subject to restriction should they take up further employment with an employer participating in the LGPS.

- To pay the Fund, by lump sum and within prescribed time limits, any amounts arising as a result of the employer's decision to increase total membership and/or increase annual pension under the Regulations.
- To pay the Fund, by lump sum payment and within prescribed time limits, any strain cost arising from a decision made by the employer to award early payment of benefits.
- To pay monthly contributions due to the Fund by electronic payment method no later than the 19<sup>th</sup> of month following that in which deductions were made.

<b>Appendix B – Duties and responsibilities of the Fund</b>
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- To maintain the Tayside Pension Fund.
- To invest pension contributions received and account for and manage the Fund's assets.
- To arrange for the triennial actuarial valuation of the Fund and send copies of the resulting report to employers by the first anniversary of the valuation date.
- To set up and maintain one or more record(s) for each member which contains all the necessary information for the production of an accurate benefit calculations.
- To decide how any previous service or employment of an employee is to count for pension purposes, and whether such service is classed as a 'period of membership'.
- To notify members of decisions regarding the counting of service or additional pension.
- To calculate and pay the appropriate benefits, based on the member's record, and the termination and pay details (both CARE and FTE) provided by the employer when a member ceases pensionable employment.
- To calculate and process transfers of members' pension rights inwards and outwards.
- To supply members with a Statutory Notice on commencing membership, or on an increase in membership following a transfer of pension rights.
- To supply survivor beneficiaries with notification of their entitlements.
- To appoint a suitable person for the purposes of the scheme's internal dispute resolution procedure.
- To increase pensions annually in accordance with the provisions of Pensions Increase Acts and Orders.
- To produce and issue annual benefit statements to active and deferred members, by 31<sup>st</sup> August annually.
- To produce and issue Pension Saving statements to those who have exceeded their annual allowance by 6<sup>th</sup> October annually.
- To publish and review the Fund's Governance Policy and Funding Strategy Statement and prepare annual report and accounts.
- To prepare, maintain and publish a written policy in respect of communication with employers and scheme members.
- To prepare, maintain and publish a written policy in respect of Fund Discretions under the LGPS.
- To appoint an actuary for the purposes of the triennial valuation of the Fund and to provide periodical actuarial advice when required.
- To appoint Additional Voluntary Contributions provider(s).
- To comply with any orders or instructions issued by The Pensions Regulator or the Pensions Ombudsman. Where the order or instruction requires financial compensation or a fine to be paid from the Fund, or by any officer responsible for it, and it is due to the default, omission or otherwise negligent act of the employer, the sum concerned shall be recharged to the employer
- To issue forms, newsletters and such other materials as are necessary in the administration of the Scheme, for members and for use by employers.
- To provide accurate, timely data to the Fund actuary for the purposes of the triennial actuarial valuation of the Fund and for employer accounting reports (e.g. FRS17) requested.
- Where appropriate, to pay benefits based on additional compensatory service awarded by an employer in accordance with the provisions of the Discretionary Regulations.
- To aid employers in regard to the pension implications of outsourcing services and to deal with any related bulk transfers of pension rights.
- To comply with HMRC reporting requirements regarding pension benefits.

- To ensure that sufficient information is issued in the form of newsletters, booklets and other materials to satisfy the requirements of the Occupational Pension Schemes (Disclosure of Information) Regulations 1996.
- To ensure that steps are taken at all times to pay benefits to appropriate beneficiaries only and to reduce the possibility of fraud.
- To ensure compliance with Data Protection legislation including use of appropriate secure data transfer methods.

**Appendix C – Service Standards (Employer)**

- Employers must provide the following information in relation to scheme members.
- Information must be issued in the agreed format and submitted electronically.
- Employers must ensure that GDPR is adhered to.

<b>Information to be supplied by the Employer</b>	<b>Information Required / Action by Employers</b>	<b>Timescale</b>
Employee Contribution Rate	To decide and deduct the correct contributions rate, in accordance with guidance issued by the Scottish Ministers	<ul style="list-style-type: none"> <li>• At commencement</li> <li>• Accompanying each subsequent end of year schedule, a notification of the rate applicable for the following year is required</li> </ul>
Employer Contribution Rate	To apply changes in the Employer contribution rate as per the Fund Actuary	<ul style="list-style-type: none"> <li>• At commencement of membership</li> <li>• Thereafter as per Rates &amp; Adjustment Certificate of the latest Actuarial Valuation.</li> </ul>
Monthly Contributions	Amount of contributions paid by the employee and employer and also to include the amounts paid in respect of AVC's APC's and Added Years. Payment is to be made via BACs and in the format agreed between the employer and the Fund.	<ul style="list-style-type: none"> <li>• No later than the 19<sup>th</sup> of the month after deductions have been made.</li> <li>• Electronic submission of data required.</li> </ul>
CARE (including Assumed Pensionable Pay APP) & Fulltime Equivalent Pay (FTE)	CARE, or where applicable APP and FTE pay to be notified by the employer to maintain the member's pension scheme record.	Monthly as part of the submission of monthly contributions
Additional Voluntary Contributions	Deduct contributions as per member instructions and forwarded deductions either to the Fund or the provider.	<ul style="list-style-type: none"> <li>• Where monies are being paid direct to the provider – no later than the 19<sup>th</sup> of the month following that in which they were deducted.</li> <li>• Where the monies are being paid to the Fund these must be received prior to this date to allow for their onward transmission to the provider.</li> <li>• Electronic submission of data is required</li> </ul>
Strain on the Fund Payments	Payment as agreed.	On receipt of invoice or in line with agreed payment arrangement.
Compensatory Added Years	Payment to the Fund of any amounts paid on behalf of the scheme employer as awarded under the Discretionary and Injury Payments Regulations	On receipt of invoice or in line with agreed payment arrangement.

New Starts	Information required to create a new pension scheme record. This information must be supplied in the agreed format.	<ul style="list-style-type: none"> <li>Received no later than the end of the month following the date of entry.</li> <li>Submissions must be made electronically.</li> </ul>
Changes in Circumstances	Information required to maintain member pension scheme record including such changes as <ul style="list-style-type: none"> <li>Move to and from the 50:50 section of the scheme</li> <li>Changes of Address</li> <li>Changes of Name</li> <li>Breaks in Membership (e.g. unpaid leave, trade dispute)</li> <li>Changes of Hours</li> </ul> Information to be issued to the Fund using the agreed format.	<ul style="list-style-type: none"> <li>Received no later than the end of the month following the change in circumstance.</li> <li>Submissions must be made electronically.</li> </ul>
Early Leavers under age 55 - Where the member does not have right to immediate payments of benefits. (Over 55 - please process as per Voluntary Retirement)	<ul style="list-style-type: none"> <li>Completed Cessation Form, including where appropriate earnings for previous years where the member is in receipt of a valid Certificate of Protection of Pension Benefits.</li> <li>Copy of the opting out form (where applicable)</li> </ul>	Received no later than the end of the month following the date of leaving/opting out.
Retirement Estimates (individual)	Where the member has an AVC and/or a Certificate of Protection. Otherwise estimates can be run by the member using the Member Self Service Portal. Employer to issue a completed Estimate Form, including where appropriate earnings for previous years where the member is in receipt of a valid Certificate of Protection of Pension Benefits	Requests must be received at least 3 months prior to the estimated retirement date.
Retirement Estimates (Bulk)	<ul style="list-style-type: none"> <li>Where 10 or more estimates are required by an employer this is deemed to be a bulk exercise.</li> <li>Employers should contact the Fund for details of the data required and submission format.</li> <li>Employers must note that for a bulk estimate the grounds for retirement, award of any Compensatory Added Years (where applicable) and date of leaving must be the same for all members.</li> </ul>	3 months' notice
Voluntary Retirement	<ul style="list-style-type: none"> <li>Completed Cessation Form, including where appropriate earnings for previous years where the member is in receipt of a valid Certificate of Protection of Pension Benefits</li> <li>P45</li> </ul>	At least 20 working days prior to the member's retirement date, but no later than 5 working days from the end of the month in which the retirement occurred.



III Health Retirement	<ul style="list-style-type: none"> <li>Completed Cessation Form, including where appropriate earnings for previous years where the member is in receipt of a valid Certificate of Protection of Pension Benefits.</li> <li>A completed III Health Certificate by the Occupation Health Practitioner and employer must also be issued.</li> <li>P45</li> </ul>	No later than 5 working days after the members date of leaving.
Redundancy/ Business Efficiency	<ul style="list-style-type: none"> <li>Completed Cessation Form, including where appropriate earnings for previous years where the member is in receipt of a valid Certificate of Protection of Pension Benefits.</li> <li>Notification of the award of any Compensatory Added Years (where applicable).</li> <li>Signed authority from the employer of the redundancy/business efficiency</li> <li>P45</li> </ul>	At least 20 working days prior to the member's retirement date but no later than 5 working days from the end of the month in which the retirement occurred.
Flexible Retirement	<ul style="list-style-type: none"> <li>Completed Cessation Form, including where appropriate earnings for previous years where the member is in receipt of a valid Certificate of Protection of Pension Benefits.</li> <li>Signed authority from the employer granting the flexible retirement.</li> </ul>	At least 20 working days prior to the member's retirement date but no later than 5 working days from the end of the month in which the retirement occurred.
Death in Service	<ul style="list-style-type: none"> <li>Completed Cessation Form, including where appropriate earnings for previous years where the member is in receipt of a valid Certificate of Protection of Pension Benefits.</li> <li>Copy of the Death Certificate is available.</li> <li>Details of the next of kin.</li> </ul>	No later than 10 working days following the date of death.
Queries raised in relation to the processing of a member's retirement, Death in service or Early Leaver	Queries raised will be issued in an agreed electronic format and replies from the employer must be issued electronically.	<ul style="list-style-type: none"> <li>Retirement - No later than 10 working days from the date the query is issued.</li> <li>Retirement (III Health) – No later than 5 working days from the date the query is issued.</li> <li>Death in Service -No later than 5 working days from the date the query is issued.</li> <li>Early Leaver – no later than 20 working days from the date the query is issued.</li> </ul>
Year End Data Schedules	<ul style="list-style-type: none"> <li>Electronic submission for year-end data must be completed on the supplied Fund template and in accordance with the guidance notes included.</li> <li>End of Year schedules not in the correct format will be automatically returned to the employer.</li> </ul>	All files must be accurate, complete and submitted by the deadline date advised.

Responding to Year End Data Queries	All data queries relating to missing or mismatched data will be returned to employers for review and resolution.	<p>As the volume of queries can range between employers a banding system applies to the reply dates:</p> <ul style="list-style-type: none"> <li>• For queries which number 1 – 49 – to be returned no later than 10 working days from the date of issue</li> <li>• For queries which number 50 – 249 – to be returned no later than 20 working days from the date of issue</li> <li>• For queries which number 250 and over – to be returned within 30 working days from the date of issue</li> </ul> <p>But in all cases, all must be returned no later than 31st July to allow time for the queries records to be update prior to the issue of the annual benefit statement.</p>
Responding to Annual Benefit Statement Queries (Queries following the receipt of the statement by the employee)	All data queries relating to missing or mismatched data will be returned to employers for review and resolution.	Within 15 working days from the issue of the queries
Responding to Queries in relation to the issue of the issue of annual Pension Saving Statement (Annual Allowance)	All queries and or requests for additional information required to provide scheme members with their annual Pension Saving Statements	Within 10 working days from the issue of the queries.
Responding to queries in relation to the Actuarial Valuation data submission	All data queries relating to missing or mismatched data will be returned to employers for review and resolution	Within 15 working days from the issue of the queries.
Employer Structural Changes	This notification would include such events as, large changes in membership (perhaps TUPE or Fair Deal), bulk transfer of employees to another Fund, changes in corporate status, possible cessation or closure.	As soon as possible, providing all relevant details and requests for information.

**Appendix D – Service Standards (Fund)**

Those marked with \* below are those with a statutory timescale requirement.

<b>Fund Action</b>	<b>Target</b>
To provide scheme membership details to new starters	Within 2 months of the date of entry *
To provide transfer credit information (estimate) (Inward transfer of previous pension rights)	Within 2 months of receipt of required information*
To provide transfer credit information (finalised) (Inward transfer of previous pension rights)	Within 2 months of receipt of information*
To provide retirement estimates (individual) -Where the member has an AVC and/or a Certificate of Protection of Pension Benefits	No more than 2 months from the date of request *
To provide retirement estimates (bulk)	Within 15 working days of receipt of all information
To provide Divorce information	Within 3 months of receipt of all information, or such shorter period is as required by the Courts. *
To issue deferred benefit information	Within 2 months of receiving leaver notification (cessation form) *
To issue transfer out information (CETV Quotes)	Within 3 months from the date of request *
To provide retirement details (retirement options paperwork and details to Retirees)	Within one month where retirement is on or after normal pension age or two months from date of retirement where retirement is before normal pension age.*
To issue finalised retirement details and payment of lump sum	As soon as practicable on receipt of all essential member documents.
Calculate and notify dependent(s) or amount of death benefits	No more than 2 months from the date of becoming aware of death *
To provide annual benefit statements to active and deferred members	By 31 <sup>st</sup> August *
To provide Pension Saving Statements to those who have exceeded the Annual Allowance	By 6 <sup>th</sup> October *
To issue formal valuation results including Rates & Adjustment Certificate	As soon as practical following the receipt from the Fund Actuary
To publish forms required by scheme members and scheme employers	Within 30 days from any revisions
To provide Employer Briefings	As and when required
To provide Technical Bulletins	As and when required
To host meetings with scheme employers	Annually
To arrange training for employers	Upon request
To provide notice to scheme member and employers of changes to the scheme regulations	As and when required
To provide notice to scheme employers of any additional costs (including any interest due) arising from performance	As and when required

Appendix E - Performance Measures		
Scheme Employer		
Task	Target	% in target
New Starters	Received no later than the end of the month following the date of entry	
Retirement	Received at least 20 working days prior to the member's retirement date, but no later than 5 working days from the end of the month in which the retirement occurred.	
Ill Health Retirement	Received at least no later than 5 days following the date of leaving	
Early Leavers	Received no later than the end of the month following the date of leaving/opting out	
Death in Service Notification	Received no later than 5 working days from date of death.	
Payment of monthly Contributions – No later than the 19 <sup>th</sup> of the month following the deductions of contributions	Received no later than the 19 <sup>th</sup> of the month following the deductions of contributions	
Submission of monthly contributions returns via secure on-line portal	Received no later than the 19 <sup>th</sup> of the month following deduction.	
Fund		
Task	Target	% in target
New Starters	Within 20 working days from the receipt of the information, but no later than 2 months from the member's date of entry *	
Early Leavers (deferred benefits)	Within 2 months of receiving leaver notification (cessation form)*	
Payment of Retirement Benefits (lump sum)	As soon as practicable on receipt of all essential member documents, but no later than 20 working days from receipt of all essential documents.	
Dependent(s) notification of benefits	No more than 2 months from the date of becoming aware of death *	
Issue Transfer Out – CETV Quotes	Within 3 months from the date of request *	
Issue Transfer Out – CETV Actual	Within 1 month from the receipt of all required information and compliance checks being made	
To provide retirement estimates (individual) -Where the member has an AVC and/or a Certificate of Protection of Pension Benefits	No more than 2 months from the date of request *	
To provide retirement estimates (bulk)	Within 15 working days of receipt of all information	
To provide Divorce information	Within 3 months of receipt of all information, or such shorter period is as required by the Courts. *	
Annual Benefit Statements - Active and deferred Members	No later than 31 <sup>st</sup> August *	
Annual Pension Increase notifications	No later than 30 <sup>th</sup> April *	
Annual Pension Saving Statements (for those who have exceed the annual allowance)	No later than 6 <sup>th</sup> October *	

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

**REPORT ON:** AMENDED TREASURY POLICY STATEMENT 2025/26

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

**REPORT NO:** 260-2025

## 1 PURPOSE OF REPORT

This report revises the Fund's Treasury Policy Statement following Isio's review of compliance with the Pension Regulators Revised Code.

## 2 RECOMMENDATION

The Sub-Committee is asked to approve the policies and procedures laid out in the amended Treasury Policy Statement 2025/26, noting the inclusion of Fund rebalancing to the policy in section 6 of the policy.

## 3 FINANCIAL IMPLICATIONS

None.

## 4 INTRODUCTION

The Pension Sub-committee of the City Governance Committee and Pension Board approved the current Treasury Policy Statement on 17 March 2025 (Report no 98-2025) which incorporated activities of Tayside Pension Fund. The statement is subject to annual review or earlier in the event of a major policy change.

## 5 TREASURY POLICY STATEMENT

This document sets out the policies and objectives of Tayside Pension Fund's Treasury Management activities and the practices which will be used to achieve these. It contains:

- Treasury Management Policy Statement
- Delegations of Authority and Governance
- Creditworthiness & Permitted Counterparties
- Cash & Liquidity Management Policies
- Treasury Management Practices (Main Principles in 12 key areas)
- Rebalancing

## 6 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. The major issues identified relate to Risk Management and these are addressed in Treasury Management Practices.

## 7 CONSULTATION

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

## 8 BACKGROUND PAPERS

None

**PAUL THOMSON**  
EXECUTIVE DIRECTOR OF CORPORATE SERVICES

15 SEPTEMBER 2025

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**TREASURY POLICY  
2025-2026**

Executive Director of Corporate Services  
Dundee City Council, Administering Authority  
August 2025

**INDEX**

1. Treasury Management Policy Statement
2. Delegations of Authority and Governance
3. Creditworthiness & Permitted Counterparties
4. Cash & Liquidity Management Policies
5. Treasury Management Practices
6. Rebalancing



## 1. TREASURY MANAGEMENT POLICY STATEMENT

Tayside Pension Fund is administered by Dundee City Council in accordance with Section 13 of its Financial Regulations. Investment policy and decisions (including those relating to Treasury Management) are delegated to the Pension Sub-Committee of the Policy and Resources Committee. The Pension Board assist the Sub-Committee with securing compliance to the regulations.

The primary objective of the 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. There is limited discretion to vary these benefits.

Dundee City Council in its administering role, defines its treasury management activities as:

**"The management of the authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."**

It regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation and any financial instruments entered into to manage these risks.

It acknowledges that effective treasury management will provide support towards the achievement of its business and services objectives. It is therefore committed to the principles of achieving value for money in treasury management and to employing suitable performance measurement techniques, within the context of effective risk management.

All treasury management activities must comply with the appropriate regulations, codes and guidance as stated in the Treasury Management Policy Statement of Dundee City Council.

## 2. DELEGATIONS OF AUTHORITY & GOVERNANCE

The scheme of delegation for treasury management of Tayside Pension Fund are in accordance with that for Dundee City Council and referred to in their Treasury Management Policy Statement

## 3. CREDIT WORTHINESS & PERMITTED COUNTERPARTIES

In undertaking treasury management for the Fund, the Council's investment priorities (as stated in their policy) will be security first, liquidity second and then return. The Council manage Credit Worthiness of counterparties in line with their own policy and the following are permitted Counterparties for investment transactions:

The Council will only use UK regulated institutions, with the maximum deposit will be in line with counterparty credit rating as follows:

### Short Term Credit Rating\*\*

- F1+ £10m
- F1 £5m
- AAAMf - Money Market Funds £10m
- Part-Nationalised UK Banks £5m  
(with a minimum holding of 20% as per LAS approach)

Any institution whose credit rating falls below the limits F2 will no longer be a permitted counterparty for further transactions (subject to advice from Treasury Advisor).

**\*\* Fitch Ratings Definition - Short-Term Ratings Assigned to Issuers or Obligations in Corporate, Public and Structured Finance**

A short-term issuer or obligation rating is based in all cases on the short-term vulnerability to default of the rated entity or security stream and relates to the capacity to meet financial obligations in accordance with the documentation governing the relevant obligation. Short-Term Ratings are assigned to obligations whose initial maturity is viewed as "short term" based on market convention. Typically, this

means up to 13 months for corporate, sovereign, and structured obligations, and up to 36 months for obligations in U.S. public finance markets.

F1: Highest short-term credit quality - Indicates the strongest intrinsic capacity for timely payment of financial commitments; may have an added "+" to denote any exceptionally strong credit feature.

#### **4. CASH & LIQUIDITY POLICY**

The Fund's policy is to ensure the efficient and effective management of cash resources to maximise investment income while ensuring sufficient cash on hand to meet obligations and avoid funding shortfalls.

This policy also contributes towards meeting the Fund's obligations to all relevant parties by ensuring the existence of an effective cash management system to provide for the payment and investment of cash, transmitting timely and reliable cash flow forecasts and ensuring compliance with relevant statutory and regulatory requirements.

Monies managed for Treasury purpose will be low value and short-term in nature, used to provide payment of pension benefits. Any higher balances are transferred to external pension investment managers, who invest per their individual investment mandates.

In addition to the above, as part of their remit, the Pension Fund's custodian undertakes short term cash management investment activities on behalf of the fund and operate to pre-agreed criteria within their mandate.

#### **5. TREASURY MANAGEMENT PRACTICES**

Dundee City Council in its administering role will follow the main principles as detailed in their separate policy, listed as:

- TMP 1 Risk Management
- TMP 2 Performance Measurement
- TMP 3 Decision-making and analysis
- TMP 4 Approved Instruments, Methods and Techniques
- TMP 5 Organisation, Clarity and Segregation of Responsibilities and Dealing Arrangements
- TMP 6 Reporting Requirements and Management Information Arrangements
- TMP 7 Budgeting, Accounting and Audit Arrangements
- TMP 8 Cash and Cash Flow Management
- TMP 9 Money Laundering
- TMP 10 Training and Qualifications
- TMP 11 Use of External Service Providers
- TMP 12 Corporate Governance

#### **6. REBALANCING**

Rebalancing is the process of adjusting the mix of investments in the Fund to keep it aligned with its target asset allocation and risk level, and also to ensure that the Fund has sufficient liquidity to pay benefits as required. This involves buying or selling assets to maintain the desired balance.

Rebalancing helps protect the Fund from taking on too much risk, either within specific asset classes or with individual investment managers. It can also improve returns by selling assets that have increased in value (and may now be overpriced) and buying those that have underperformed (and may offer better value). Portfolio managers undertake these exercises at individual asset level and are responsible for ensuring that their portfolios remain within the tolerances set within their individual investment management agreements.

The overall goal of rebalancing is to keep the Fund's overall risk at its intended level. However, since rebalancing involves transaction costs, it should only be done when necessary as frequent small adjustments can lead to unnecessary costs without significantly improving the Fund's risk-return profile. Therefore, a fixed annual rebalancing is not required, as it may result in excessive trading and added costs without clear benefits. Rebalancing is guided by review ranges, which are set with some flexibility. Each asset class has its own tolerance range, taking into account its volatility and the cost of trading.

Where possible, cash inflows, outflows, or income generated by the Fund's assets should be used to help bring asset allocations closer to target.

The Fund's asset allocation is presented to members at each meeting and they are informed of any rebalancing undertaken in the quarter. If a review range is breached between meetings, it will be documented and reported on, as well as remedy undertaken.

The central allocations for each asset class and also for each manager are formally reviewed and approved annually as part of the review of the Investment Strategy Statement but is also reviewed following actuarial valuation. Review ranges have been set around central positions and are not expected to be breached often.

The current central allocations and ranges are as follows:

Asset Class	Portfolio	Target Allocation	Range
Equities – Active 40% (+/-5%)	Fidelity	20%	+/-3%
	Baillie Gifford Global Alpha	17%	
	Baillie Gifford UK Core	3%	
Equities – Passive 25%	LGIM	25%	
Fixed Income 13%	Fidelity	9%	+/-3%
	LGIM Buy & Maintain	2%	
	Apollo Multi-Asset Credit	2%	
Property 12%	Schroders	12%	+/-5%
Alternatives 10%	Partners Group	5%	+/-5%
	To be allocated	5%	

Officers monitor the Fund's asset allocation at least quarterly to identify any significant drift from the strategic targets. In the event of a breach of either an individual portfolio or an asset class, the processes are detailed below:

- **Liquid Assets**

The equity allocation is reviewed first. If it falls outside the 60%–70% range, action must be taken to return it to the central target of 65%. This is done by adjusting holdings with the most significant over- or underweight positions, starting with the most misaligned equity manager and moving to the next as needed. If equities are sold, proceeds should be directed to cash (to pay benefits), or to the most underweight illiquid asset class, provided it is practical to increase that allocation. If it is equities that are underweight, funding should come from available cash or from liquidating assets in an illiquid class that can be easily realised. In rare cases, rebalancing may not be carried out, for example, if no suitable alternatives are available. Holding additional cash is allowed but only if necessary. Any rebalancing activities will be reported at the next quarterly meeting.

The Fund has a proportion of fixed income to hold until maturity, and therefore no sell trigger is set. A breach of -3% will trigger review and rebalance.

- **Illiquid Assets**

If the property review range is triggered due to a fall in market value, the Fund will consider increasing commitments and acquiring further property. In the event the review range is triggered due to an increase in market value, the Fund will review the valuations for a period of at least 12 months before considering sale of assets.

The Fund takes a broad approach to the alternatives strategic target by modelling commitments to meet the 5% allocation target. It is recognised that achieving the desired exposure level can take a long time. If the projected exposure to alternatives exceeds the review range, a reduction or pause of future commitments will be considered. The allocation will be monitored until it falls back into line with the strategic target. If the asset allocation falls below the review range, the Fund will consider up to date modelling of additional commitments to bring the exposure back into line with the strategic allocation.

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## ITEM No ...10.....

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

**REPORT ON:** BREACHES OF LAW POLICY

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

**REPORT NO:** 261-2025

## **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**

Members are asked to approve the policy contained within.

## **3 FINANCIAL IMPLICATIONS**

There are no financial implications.

## **4 BACKGROUND**

As part of a review of compliance with the Pensions Regulators Revised Code, Isio recommended development of a policy which set out the treatment of breaches in the law.

## **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**

**2025**

**15 SEPTEMBER**

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## **BREACHES OF LAW POLICY**

**2025-26**

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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 Pension Scheme 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 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 Pension Scheme 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 Committee
- Members of the Pension Board
- Scheme Managers 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 Committee and Pension Board meetings.

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

- Chairs of the Pensions 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 Pension Scheme 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.dundee.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 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 – 22 SEPTEMBER 2025**

**REPORT ON: ANNUAL TREASURY MANAGEMENT ACTIVITY 2024/2025**

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

**REPORT NO: 262-2025**

## **1 PURPOSE OF REPORT**

To review the Treasury Management activities for the period 1 April 2024 to 31 March 2025.

## **2 RECOMMENDATION**

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

## **3 FINANCIAL IMPLICATIONS**

The Fund's internal Treasury Management activities in 2024/2025 achieved income of £980,611.

## **4 BACKGROUND**

At its meeting on 18 March 2024 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 2024/25 (Article X of the Minute of Meeting of the Pension Sub-Committee of the City Governance of 18 March 2024, Report No 77-2024 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 2024/2025.

## **5 THE TREASURY MANAGEMENT STRATEGY FOR 2024/2025**

The Treasury Management Strategy for 2024/2025 was approved at the meeting on 18 March 2024 of the Pension Sub-committee of the Policy and Resources Committee (Article XI of the Minute of Meeting of the Pension Sub-Committee of the City Governance Committee of 18 March 2024, Report No 78-2024 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 2024) 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 2024/25 with rate being 4.50% on 6 February 2025.

## 6 LENDING FOR 2024/2025

### Interest Rates

Bank of England base rate started the financial year at 5.25% and increased to 4.50% 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 2025 shows:

Month	Lowest Lending Amount £m	Highest Lending Amount £m	End of month Lending Amount £m	Interest Rate Range %	
				Min	Max
April 2024	13.185	40.000	38.150	5.22	5.29
May	29.905	39.150	29.905	5.21	5.26
June	21.680	31.780	21.680	5.19	5.26
July	14.500	23.000	14.500	5.18	5.23
August	8.650	19.695	8.650	5.04	5.21
September	2.110	25.910	23.235	5.00	5.08
October	15.035	24.360	15.035	4.93	5.00
November	6.000	17.385	6.000	4.79	4.95
December	5.900	30.165	18.640	4.74	4.79
January 2025	8.825	18.840	8.825	4.73	4.78
February	3.835	15.000	3.835	4.56	4.74
March	3.585	18.025	6.125	4.52	4.59

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

15 SEPTEMBER 2025