

13th March, 2026

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

Dear Sir or Madam

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, 23rd March, 2026, at 12 noon.

Members of the Press or Public wishing to join the meeting should contact Committee Services by telephone (01382) 434211 or by email at [committee.services@dundeecity.gov.uk](mailto:committee.services@dundeecity.gov.uk) by no later than 12 noon on Friday, 20th March, 2026.

Yours faithfully

GREGORY COLGAN

Chief Executive

## **AGENDA OF BUSINESS**

### **1 DECLARATION OF INTEREST**

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

This will include all interests, whether 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 Sub-Committee of 8th December, 2025, copy attached).

### **4 APPOINTMENT OF CHAIRPERSON OF PENSION BOARD (AN17-2026)**

In accordance with the Public Service Pensions Act 2013, the Sub-Committee are asked to seek nominations for the post of Chair of the Pension Board for the period of 12 months. The post of Chair of the Pension Board is subject to annual change by the regulations

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

(Report No 76-2026 by the Executive Director of Corporate Services copy attached).

### **6 PENSION ADMINISTRATION PERFORMANCE - Page 21**

(Report No 77-2026 by the Executive Director of Corporate Services copy attached).

**7 TAYSIDE PENSION FUND ANNUAL EXTERNAL AUDIT PLAN - Page 29**

(Report No 78-2026 by the Executive Director of Corporate Services copy attached).

**8 TAYSIDE PENSION FUND INTERNAL AUDIT REPORTS – RISK FRAMEWORK REVIEW  
- Page 51**

(Report No 79-2026 by the Executive Director of Corporate Services copy attached).

**9 TREASURY POLICY - Page 81**

(Report No 80-2026 by the Executive Director of Corporate Services, copy attached).

**10 TREASURY STRATEGY - Page 91**

(Report No 81-2026 by the Executive Director of Corporate Services, copy attached).

**11 ADMINISTRATION STRATEGY - Page 99**

(Report No 82-2026 by the Executive Director of Corporate Services, copy attached).

**12 COMMUNICATIONS POLICY - Page 123**

(Report No 83-2026 by the Executive Director of Corporate Services, copy attached).

**13 TAYSIDE PENSION FUNDS BUSINESS PLAN 2026/27 - Page 131**

(Report No 84-2026 by the Executive Director of Corporate Services, copy attached).

**The Sub-Committee may resolve under Section 50A(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 7A) of the Act.**

**14 TAYSIDE PENSION FUNDS**

**15 OPPORTUNISTIC MANDATE UPDATE**

**16 ANNUAL PERFORMANCE REVIEW TO 31ST DECEMBER, 2025**

**17 PRESENTATION**



## **VI TREASURY MANAGEMENT ACTIVITY 2025/2026 (MID-YEAR REVIEW)**

There was submitted Report No 364-2025 by the Executive Director of Corporate Services reviewing Tayside Pension Fund's Treasury Management activities for the period 1st April, 2025 to 30th September, 2025.

The Sub-Committee and Board:-

- (i) noted the content of the report.

## **VII PROPOSED TIMETABLE OF MEETINGS FOR 2026**

There was submitted Report No 365-2025 by the Executive Director of Corporate Services proposing a suggested programme of meetings of the Pension Sub-Committee and Pension Board in 2026.

The Sub-Committee and Board:-

- (i) examined the dates set out in the timetable in Appendix 1 to the report and agreed the proposed programme of meetings.

**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.**

## **VIII TAYSIDE PENSION FUND**

### **(a) PERFORMANCE SUMMARIES**

There was submitted Report No 367-2025 by the Executive Director of Corporate Services reviewing investment performance of the Fund's investment managers for the quarter to 30th September 2025. The report compared investment performance of the Fund with the Fund's specific benchmarks which consisted 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**

There was submitted Report No 368-2025 by the Executive Director of Corporate Services reviewing the investment activities of Tayside Pension Fund's seven Fund Managers for the quarter to 30th September, 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 30TH SEPTEMBER 2025**

There was submitted Report No 369-2025 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.

**IX PROPERTY MANDATE**

There was submitted Report No 370-2025 by the Executive Director of Corporate Services informing the Sub-Committee of the recommendations of the Fund's investment advisors and outlined their proposal to ensure the mandate continued to fulfil the Fund requirements.

The Sub-Committee and Board:-

- (i) noted the content of the report.

**X ANNUAL ASSESSMENT OF INVESTMENT ADVISORY SERVICES 2025**

There was submitted Report No 371-2025 by the Executive Director of Corporate Services, providing information on the annual assessment of investment advisory service performance undertaken by Fund Officers as required by the Competition and Markets Authority.

The Sub-Committee and Board:-

- (i) noted the content of the report.

**XI PRESENTATION**

Tim Gooding from Baillie Gifford gave a short presentation to the Sub-Committee and Board.

After Tim Gooding had given his presentation and answered questions from members, the Chair thanked the presenter on behalf of members of the Sub-Committee and Board.

Willie SAWERS, Chair.

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**REPORT TO: PENSION SUB-COMMITTEE OF THE CITY GOVERNANCE COMMITTEE & PENSION BOARD – 23 MARCH 2026**

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

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

**REPORT NO: 76-2026**

**1 PURPOSE OF REPORT**

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

**2 RECOMMENDATIONS**

The Sub-Committee is asked to approve the Quarterly Risk Register 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**

**13 MARCH 2026**



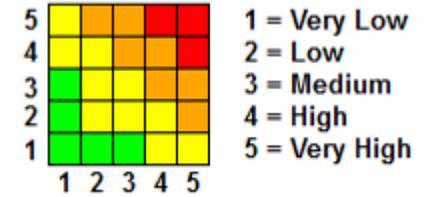
**Quarterly Risk Report**

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

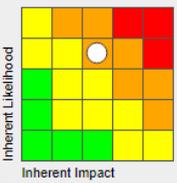
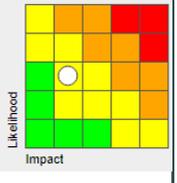
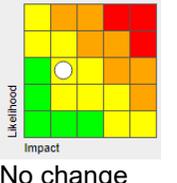
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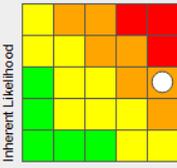
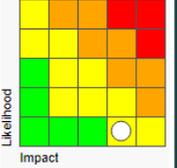
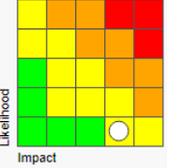
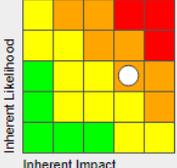
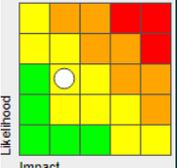
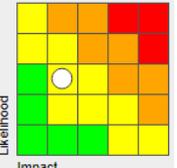
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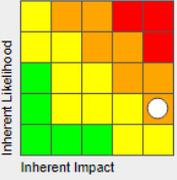
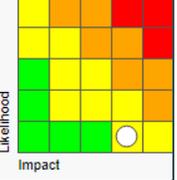
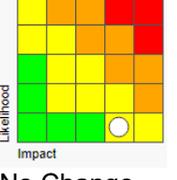
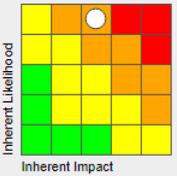
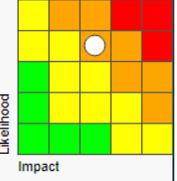
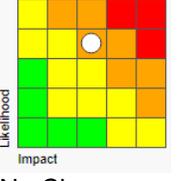
**Pentana Risk Matrix**

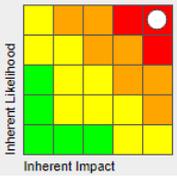
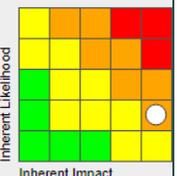


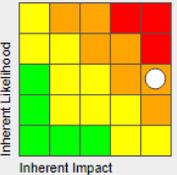
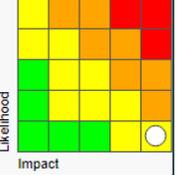
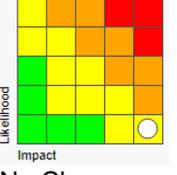
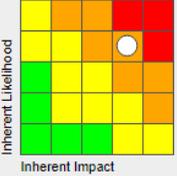
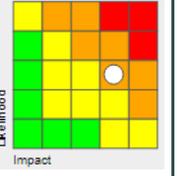
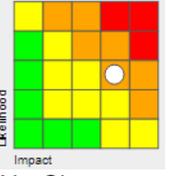
Risk Type & Title	Causes	Impact	Consequence	Inherent Risk	Controls	Residual Risk (Previous Quarter)	Residual Risk (Current)
<p><b>Pension Administration</b> (Risk appetite - minimalist)</p> <p>1.Failure to process pension payments and lump sums on time</p>	<ul style="list-style-type: none"> <li>Non-availability of pension / payroll systems</li> <li>Resource unavailable</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> </ul>		 No change

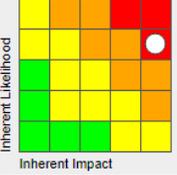
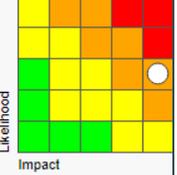
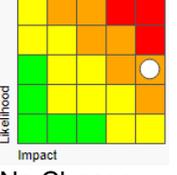
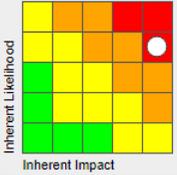
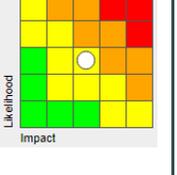
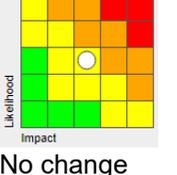
Risk Type & Title	Causes	Impact	Consequence	Inherent Risk	Controls	Residual Risk (Previous Quarter)	Residual Risk (Current)
<p><b>Funding - Employer related</b> (Risk appetite - cautious)</p> <p>2.Failure to collect and account for contributions from employers and employees on time</p>	<ul style="list-style-type: 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>	 <p>Inherent Risk matrix: A 4x4 grid with Likelihood on the y-axis and Impact on the x-axis. The top-right cell (red) contains a white dot, indicating a high-risk rating.</p>	<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>	 <p>Residual Risk (Previous Quarter) matrix: A 4x4 grid with Likelihood on the y-axis and Impact on the x-axis. The top-right cell (red) contains a white dot, indicating a high-risk rating.</p>	 <p>Residual Risk (Current) matrix: A 4x4 grid with Likelihood on the y-axis and Impact on the x-axis. The top-right cell (red) contains a white dot, indicating a high-risk rating.</p> <p>No change</p>

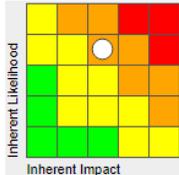
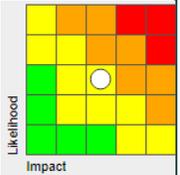
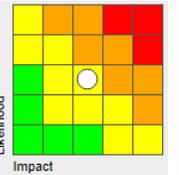
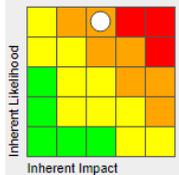
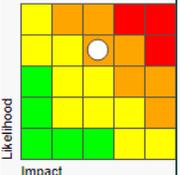
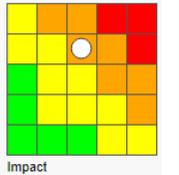
Risk Type & Title	Causes	Impact	Consequence	Inherent Risk	Controls	Residual Risk (Previous Quarter)	Residual Risk (Current)
<p><b>Funding - Liquidity</b> (Risk appetite - averse)</p> <p>3. Insufficient funds to meet liabilities as they fall due</p>	<ul style="list-style-type: none"> <li>Contribution levels are inadequate</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>		 <p>No change</p>
<p><b>Operational</b> (Risk appetite - minimalist)</p> <p>4. Inability to maintain service due to loss of main office, computer system or staff</p>	<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>		 <p>No change</p>

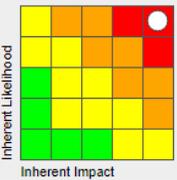
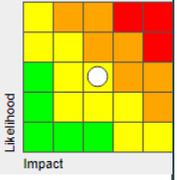
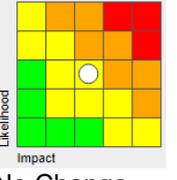
Risk Type & Title	Causes	Impact	Consequence	Inherent Risk	Controls	Residual Risk (Previous Quarter)	Residual Risk (Current)
<p><b>Operational</b> (Risk appetite - minimalist)</p> <p>5.Loss of funds through fraud or misappropriation</p>	<ul style="list-style-type: none"> <li>Fraud or misappropriation 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>		 <p>No Change</p>
<p><b>Funding - Employer related</b> (Risk appetite - cautious)</p> <p>6.Employers unable to participate in scheme</p>	<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>		 <p>No Change</p>

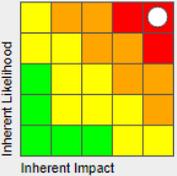
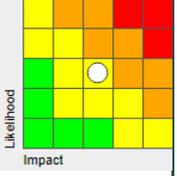
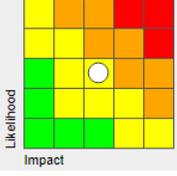
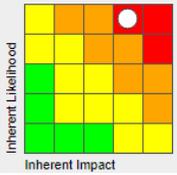
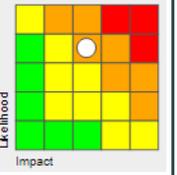
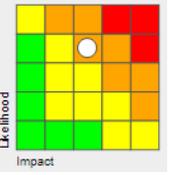
Risk Type & Title	Causes	Impact	Consequence	Inherent Risk	Controls	Residual Risk (Previous Quarter)	Residual Risk (Current)
	<ul style="list-style-type: none"> <li>Employer liabilities increase disproportionately as a result of external factors (i.e. change in bond yields)</li> <li>Reduced asset values 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>		
<p><b>Funding - Investment</b> (Risk appetite - open)</p> <p>7. Significant rises in employer contributions due to poor/negative investment returns</p>	<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

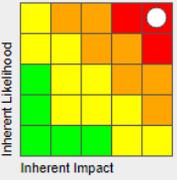
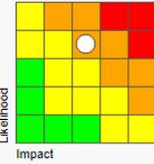
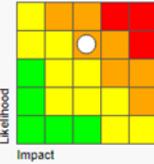
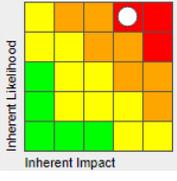
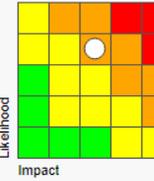
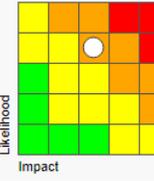
Risk Type & Title	Causes	Impact	Consequence	Inherent Risk	Controls	Residual Risk (Previous Quarter)	Residual Risk (Current)
					different asset classes • 10% asset shock reserve		
<b>Operational</b> (Risk appetite - minimalist)  8.Failure of global custodian	<ul style="list-style-type: none"> <li>Financial 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

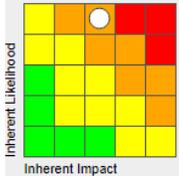
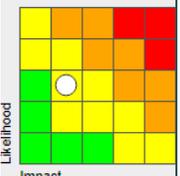
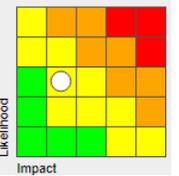
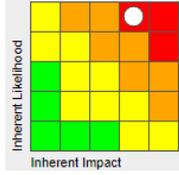
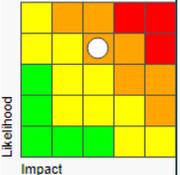
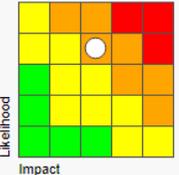
Risk Type & Title	Causes	Impact	Consequence	Inherent Risk	Controls	Residual Risk (Previous Quarter)	Residual Risk (Current)
<p><b>Funding - Investment</b> (Risk appetite - open)</p> <p>10.Equity Risk</p>	<ul style="list-style-type: none"> <li>Market sector falls substantially as a result of global economic 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>		 <p>No Change</p>
<p><b>Governance</b> (Risk appetite - minimalist)</p> <p>11.Failure to comply with changes to LGPS regulations and other new regulations / legislation</p> <p>Specifically:</p> <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>		 <p>No change</p>

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>		
<p><b>Governance</b> (Risk appetite - minimalist)</p> <p>12.Failure to comply with governance best practice</p> <p>Specifically:</p> <ul style="list-style-type: none"> <li>TPR New 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>		 <p>No Change</p>
<p><b>Pension Administration</b> (Risk appetite - minimalist)</p> <p>13.Failure to provide quality service to members</p>	<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>		 <p>No Change</p>

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>		
<p><b>Operational</b> (Risk appetite - minimalist)</p> <p>14.Failure to hold personal data securely</p>	<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>		 <p>No Change</p>

Risk Type & Title	Causes	Impact	Consequence	Inherent Risk	Controls	Residual Risk (Previous Quarter)	Residual Risk (Current)
		requirements					
<p><b>Operational</b> (Risk appetite - minimalist)</p> <p>15.Cybercrime</p>	<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>		 <p>No Change</p>
<p><b>Pension Administration</b> (Risk appetite - minimalist)</p> <p>16.Failure to keep pension records up-to-date and accurate</p>	<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>		 <p>No Change</p>

Risk Type & Title	Causes	Impact	Consequence	Inherent Risk	Controls	Residual Risk (Previous Quarter)	Residual Risk (Current)
	from employers to enable processing						
<p><b>Governance</b> (Risk appetite - minimalist)</p> <p>17.Lack of expertise on Pension Committee, Pension Board or amongst officers</p>	<ul style="list-style-type: none"> <li>Lack of training &amp; continuous professional development</li> <li>Loss of key staff and management</li> <li>Lack of succession planning within the structure</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> <li>Failure to meet deadlines</li> <li>Additional pressure on existing staff</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 (MIFIID) professional investor requirements</li> <li>Training &amp; support</li> <li>External specialist advice</li> <li>TPF structure and resource review underway</li> </ul>		 <p>No change</p>
<p><b>Governance</b> (Risk appetite - minimalist)</p> <p>18.Over reliance on key officers</p>	<ul style="list-style-type: none"> <li>Loss of key individuals</li> <li>Inability to recruit individuals with specialist skills &amp; experience</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> </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> </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> </ul>		 <p>No Change</p>

Risk Type & Title	Causes	Impact	Consequence	Inherent Risk	Controls	Residual Risk (Previous Quarter)	Residual Risk (Current)
	<ul style="list-style-type: none"> <li>Inadequate governance arrangements</li> <li>Lack of specialist advisors to support</li> </ul>	<ul style="list-style-type: none"> <li>Failure to meet objectives</li> </ul>	<ul style="list-style-type: none"> <li>Loss of stakeholder confidence</li> </ul>		<ul style="list-style-type: none"> <li>External specialist advice</li> <li>Peer support from other LGPS</li> </ul>		
<p><b>Governance</b> (Risk appetite - minimalist)</p> <p>19. Failure to communicate adequately with stakeholders</p>	<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>		 <p>No Change</p>
<p><b>Funding - Employer related</b> (Risk appetite - cautious)</p> <p>20. Employer Covenant Risk</p>	<ul style="list-style-type: none"> <li>Change in employer actuarial profile which has resulted in significant increase in liability</li> <li>Unsuitable guarantee /</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</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</li> </ul>		 <p>No Change</p>

Risk Type & Title	Causes	Impact	Consequence	Inherent Risk	Controls	Residual Risk (Previous Quarter)	Residual Risk (Current)
	financial health of employer		shortfall via increased contribution		assessments to identify <ul style="list-style-type: none"> <li>Funding strategy to enable exit at minimal risk to remaining employers</li> <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>		<p>No change</p>
<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> </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>		<p>No Change</p>

Risk Type & Title	Causes	Impact	Consequence	Inherent Risk	Controls	Residual Risk (Previous Quarter)	Residual Risk (Current)
	<ul style="list-style-type: none"><li data-bbox="488 295 696 384">• Lack of knowledge &amp; skills</li></ul>						

**ITEM No ...6.....**

**REPORT TO: PENSION SUB-COMMITTEE OF THE CITY GOVERNANCE COMMITTEE & PENSION BOARD – 23 MARCH 2026**

**REPORT ON: PENSION ADMINISTRATION PERFORMANCE – UPDATE TO 31<sup>st</sup> DECEMBER 2025**

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

**REPORT NO: 77-2026**

**1. PURPOSE OF REPORT**

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

**2. RECOMMENDATIONS**

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

**3. FINANCIAL IMPLICATIONS**

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

**4. BACKGROUND**

This report 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 <sup>(4)</sup>	Cases Completed Out with Statute <sup>(5)</sup>
	Q2	Q3	% Change	Q2	Q3	% Change			
Starter	775	405	-48%	712	492	-31%	60	6	13
Estimate	185	167	-10%	209	151	-28%	60	51	46
Options	541	517	-4%	623	440	-29%	60	36	25
Actual	295	317	7%	280	324	16%	60	16	0
TV In	28	34	21%	27	27	0%	60	37	4
TV Out	215	134	-38%	197	211	7%	90	28	1
Deferred	326	280	-14%	335	327	-2%	60	27	20
Death	161	155	-4%	160	155	-3%	60	11	0
Death Grant	23	20	-13%	21	27	29%	60	35	0
Dependant	57	55	-4%	52	60	15%	60	22	0
Divorce	13	8	-38%	18	14	-22%	90	50	1
<b>Total</b>	<b>2,619</b>	<b>2,092</b>	<b>-20%</b>	<b>2,634</b>	<b>2,228</b>	<b>-15%</b>			<b>110</b>

Key:

Q1 denotes July to September 2025 period.

Q2 denotes October 2025 to December 2025.

- 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 for both cases received and cases completed during the quarter. Staff absence, along with the continued requirement for key team members to focus on the McCloud rectification work, has impacted overall workflow and capacity.

However, despite these pressures, there has been a notable improvement in the number of cases completed within the statutory timescales from the previous quarter by 46%.

#### **Prioritised Tasks:**

- **Issue of Pension Options & Pensions Brought into Payment**
  - The number of Pension Option cases received remained consistent between quarters, with only a small decrease of 4%. The number of cases completed dropped by 29% but case completed out with statute also dropped this quarter by 19%.
  - Although the number of cases received for processing members actual benefits increased by 7%, the team completed 16% more cases compared to the previous quarter.
- **Processing of Death Benefits, Payments of Death Grants, and Dependant Pensions**
  - Death Benefits, Death Grants and Dependants had all cases completed within the statutory time frame.

#### **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. There was an error in the workflow process in the quarter which resulted in 13 cases going over statute, additional checks have been added to reduce this risk going forward.
- **Estimates:** There was a decrease in both cases received and completed. Processing times remain high in this area due to the prioritisation of other tasks, but the cases completed out with statute dropped to 46 this quarter.
- **Deferred Member Processing:** Case numbers also seen a decrease in both received and completed. Some cases continue to be complex in this area and require the team to communicate with the employers for information to calculate the member benefits.
- **Outbound Benefit Transfers:** There was a decrease by 38% of case numbers received and cases completed increased by 7%.
- **Inbound Benefit Transfers:** The number of cases completed in this quarter stayed the same, but the number of cases received increased by 21%.
- **Divorces:** There was a decrease by 38% of case numbers received and cases completed decreased by 22%.

## 5.1 Other Pension Operations

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

	Received <sup>(1)</sup>			Completed <sup>(2)</sup>			Days to complete <sup>(3)</sup>		
	Q2	Q3	% Change	Q2	Q3	% Change	Q2	Q3	% Change
Amendment to Account	1,896	3,386	79%	950	1,758	85%	12	164	1223%
Certificates	650	235	-64%	108	97	-10%	15	25	67%
Other Admin Tasks	1,742	2,331	34%	1,427	1,920	35%	54	37	-32%
Other pensions processing	1,481	851	-43%	1,180	891	-24%	313	166	-47%

Q2 denotes July to September 2025 period.

Q3 denotes October to December 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 in this area.

## 5.2 Employer Contributions

For the period October-December covering the payroll periods of September-November we received 4 late payments to the fund. The late payments were all received the next working day after the deadline.

### Employers and Member Online Portals:

#### 5.3 Member Self Service Update/Pension Portal

At the point the previous Member Self Service Portal ceased operation, 38% of our scheme membership which totals 19,446 members were registered users.

As highlighted in the last report, the new Pensions Portal was successfully launched in October. This system provides enhanced security for members through the introduction of SMS Multi Factor Authentication. In addition, the redesigned layout and extended functionality offer members a more user-friendly experience.

Since the launch, 11% of our scheme membership which totals 5,885 members have completed registration for the new system. The new system was promoted via the News section on our website, and all members previously registered on the former portal received an email notification informing them of the transition and inviting them to register.

#### 5.4 I-Connect Update

There were 32 Employers who have submitted monthly uploads through the i-Connect system during the period. The team continue to work with some of the larger employers regarding the issues with the data being received. All employers have been advised that we expect all uploads to be completed on I-Connect and this will be reviewed in accordance with the administration strategy and escalated if required.

#### 5.5 Call Centre

During the quarter, 2,358 calls were received, this represents a reduction of 693 calls compared with the previous period. The total time spent on calls was 536 hours, which is 38 hours fewer than the previous period.

Whilst the decrease in call volumes was a welcome respite for the team, the level of time required to manage calls continues to place a significant demand on resources.

## 5.6 Compliance

National Fraud Initiative: 5 overpayments remain outstanding which amount to £13,918.37.

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

## 5.7 Recruitment

- The Scheme Manager retired on the 30<sup>th</sup> November 2025. An interim manager has been appointed; this will be reviewed as part of the ongoing resource and structure review.
- The successful candidate for the Clerical Assistant post started on the 3<sup>rd</sup> November 2025.
- Due to a Clerical Assistant leaving on the 17<sup>th</sup> November 2025, recruitment will be undertaken for this vacant post

## 5.8 Queries & Complaints

- 4,541 emails were received into the generic mailbox in the quarter up to the 31<sup>st</sup> December 2025, this equates to approximately 72 emails per working day. This area continues to be a significant resource requirement for the team.
- Complaints to Prudential: 1 upheld
- Complaints to Standard Life: None
- GDPR: 1
- Complaints: 3 received which were upheld

## 5.9 Staff Training

- In House Training

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

## 5.10 Resource and Structure Review

A review of the Fund's staffing structure and resources is being taken forward following a review by Hymans Robertson; to ensure Tayside Pension Fund operating model is aligned with current and emerging operational, governance, and regulatory demands.

The aim is to ensure the Fund is sustainably resourced and positioned for long-term service resilience. Hymans completed their assessment and shared initial high-level findings across three key areas:

- (1) resourcing and recruitment, where capacity gaps and key-person risks have been highlighted.
- (2) operational structure, where opportunities have been identified to improve team organisation, role clarity and performance management; and
- (3) governance and oversight, where enhancements to risk management, policy documentation and internal controls have been recommended.

Planning for phased implementation is now underway.

### 5.11 Annual Allowance Update

The statutory Annual Allowance Annual exercise for 2024/25 was carried at the start of October to issue Pension Input letters to those who had exceed the Annual Allowance threshold of £60,000. Below shows a breakdown of the number of members affected and how they were contacted to advise of a breach:

	Email	Letter	Total
Members Affected	10	1	11

### 5.12 September CPI Rate Announced

On 22<sup>nd</sup> October 2025, the Office for National Statistics announced the Consumer Prices Index (CPI) rate of inflation for September 2025 as 3.8%

Government policy in recent years has been to base increases under the Pensions (Increase) Act 1971 and revaluation of pension accounts under section 9 of the Public Service Pensions Act 2013 on the rate of CPI in September of the previous year, and official confirmation is awaited.

### 5.13 McCloud

Key staff continue to reconcile employer data to ensure member records are fully updated, enabling retrospective underpin checks to be completed. One employer had not submitted its data by the end of December; however, the outstanding return is expected early in 2026.

Several employers also have outstanding queries, which are being actively worked through to resolve any issues.

Business-as-usual casework commenced on the 1<sup>st</sup> November 2025, allowing all current calculations to incorporate the McCloud underpin check as part of day-to-day processing. Members are advised of the underpin check in the correspondence they receive.

Retrospective calculations began in December 2025, with McCloud underpin assessments on eight transfer-out cases involving Club transfers. Where employer data has been successfully reconciled, work to recalculate member benefits if an underpin has been identified will commence at the start of 2026.

### 5.14 Pension Dashboard

On 31<sup>st</sup> October 2025 we completed connection to the Pensions Dashboard architecture after a period of UAT Testing. This means that upon launch of the Pensions Dashboards which is expected in October 2026, our members will be able to register to search for their pensions rights they currently hold within the fund.

DWP are currently undertaking low volume testing with the focus to ensure the service is broadly working as expected and identifying any critical or severe pain points that need to be resolved.

### 5.15 Budget 2025

On 26 November 2025, the Chancellor of the Exchequer, delivered the Budget 2025. Points of interest for LGPS administering authorities include:

- **Salary sacrifice changes:** From 6 April 2029, the Government will limit the value of pension contributions made through salary sacrifice that can receive employee and employer national insurance contributions relief to £2,000 per year. The change will be implemented through primary and secondary legislation, which will be introduced in due course. Guidance on this proposal has been published by the Government.

- **Stamp duty land tax (SDLT) relief:** The Government will amend Stamp Duty Land Tax rules to provide for a time-limited SDLT exemption for transfers of real estate assets from LGPS member funds into qualifying pools. The aim is to facilitate compliance with the Government's pooling requirements in England and Wales. This will be legislated for in the Finance Bill 2026-27. It is understood the relief will be available for 5 years from the date of implementation.

- **Inheritance tax:** The Budget document reaffirms the Government's intention to proceed with previously announced proposals to include certain unused pension funds and death benefits within the estate for inheritance tax (IHT) purposes for deaths after 5 April 2027. On the same day as the Budget, the Government also published a policy paper on the proposals. This sets out that the Government will introduce a mechanism for personal representatives (PRs) to direct pension scheme administrators to withhold 50 per cent of taxable benefits for up to 15 months from the date of death, where the PRs expect IHT to be due.

## 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**

**Date 13 March 2026**

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

[LGPS Regulations and Guidance](#)

**HMRC**

- [Pensions schemes newsletter 174 — October 2025 - GOV.UK](#)
- [Newsletter 175 — November 2025 - GOV.UK](#)
- [Salary sacrifice reform for pension contributions effective from 6 April 2029 - GOV.UK](#)
- [Pensions schemes newsletter 176 — December 2025 - GOV.UK](#)

**Pension Dashboards**

- [PRESS RELEASE – PASA publishes new Data Quality Guidance and Data Improvement Plan Template following updated TPR Guidance – The Pensions Administration Standards Association](#)
- [PRESS RELEASE- Guidance on Delivering Effective Digital Transformation – The Pensions Administration Standards Association](#)
- [Getting data-ready for dashboards: benefits for savers and schemes | Blogs | UK Pensions Dashboards Programme](#)
- [Progress update report | UK Pensions Dashboards Programme](#)

**The Pension Regulator (TPR)**

- [Scheme member data quality](#)
- [As BBC Scam Safe week shines a spotlight on fraud, trustees are urged to step up and make the Pledge | The Pensions Regulator Blog](#)
- [Administration of a pension scheme](#)

**Scheme Advisory Board**

Scotland Updates

- [Annual Report 2023/2024 | LGPSAB](#)
- [Item-07Appendix-Summary-Table.pdf](#)
- [December-2025-SAB-Bulletin-v2-1.docx](#)

England & Wales updates

[LGPS Scheme Advisory Board - Home](#)

**Uk Parliament**

- [Finance \(No. 2\) Bill - Parliamentary Bills - UK Parliament](#)
- [National Insurance Contributions \(Employer Pensions Contributions\) Bill - Parliamentary Bills - UK Parliament](#)

**The Pension Administration Standards Association (PASA)**

- [PRESS RELEASE – PASA publishes new paper: The Data \(Use and Access\) Act 2025 Unpacked – Six Key Areas for Pension Schemes – The Pensions Administration Standards Association](#)

**ITEM No ...7.....**

**REPORT TO:** PENSION SUB-COMMITTEE OF THE CITY GOVERNANCE COMMITTEE & PENSION BOARD– 23 MARCH 2026

**REPORT ON:** TAYSIDE PENSION FUND – AUDIT SCOTLAND ANNUAL AUDIT PLAN 2025/26

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

**REPORT NO:** 78-2026

**1 PURPOSE OF REPORT**

This report provides a summary of the responsibilities and approach of Audit Scotland in respect of Tayside Pension Fund for 2025/26.

**2 RECOMMENDATIONS**

The Sub-Committee is asked to:

- Note the contents of the report by Audit Scotland (Appendix A)
- Provide Audit Scotland with confirmation of any instances of actual, suspected or alleged fraud, as a requirement of the revised International Standard on Accounting (ISA) 240.

**3 FINANCIAL IMPLICATIONS**

Tayside Pension Fund's audit fee is determined in line with Audit Scotland's fee setting arrangements. The proposed audit fee for the 2025/26 audit is £37,210.

**4 MAIN TEXT**

4.1 Following Audit Scotland's appointment as external auditor for Dundee City Council for four years from 2022/23, they have produced the above report outlining the planned approach to the audit of Tayside Pension Fund ("the Pension Fund") for the year ending 31 March 2026. The document sets out the statutory and professional responsibilities in terms of the Code of Audit Practice and also outlines their key audit objectives.

4.2 The report in appendix A sets out information on the proposed audit approach focussing on the key issues and risks facing the Pension Funds in terms of corporate governance arrangements, ownership and valuation of investments, regulatory and accounting compliance and other issues relevant to the opinions on the financial statements. The document also sets out the key stages of the planned audit process, together with a summary of procedures for working with internal audit, materiality considerations and arrangements for communication and reporting.

**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 CONSULTATION**

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

**7 BACKGROUND PAPERS**

None

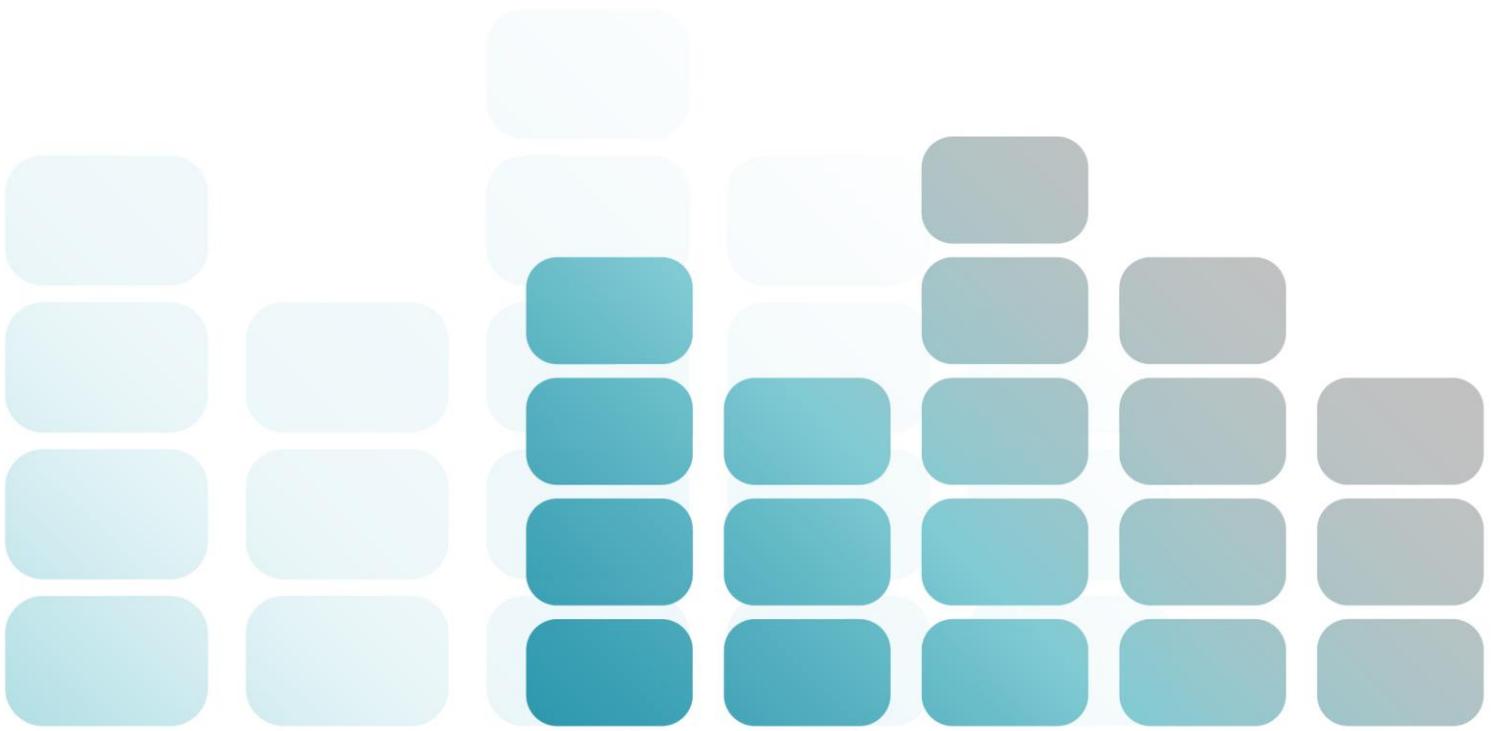
**PAUL THOMSON**  
**EXECUTIVE DIRECTOR OF CORPORATE SERVICES**

**13 MARCH 2026**

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# Tayside Pension Fund

Annual Audit Plan 2025/26



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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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# Introduction

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## Purpose of the Annual Audit Plan

1. The purpose of this Annual Audit Plan is to provide an overview of the planned scope and timing of the 2025/26 audit of Tayside Pension Fund's annual report and accounts. It outlines the audit work planned to meet the audit requirements set out in [auditing standards](#) and the [Code of Audit Practice](#), including supplementary guidance.

## Appointed auditor and independence

2. Rachel Browne, of Audit Scotland, has been appointed by the Accounts Commission as external auditor of Tayside Pension Fund for the period from 2023/24 until 2026/27. The 2025/26 financial year is therefore the third year of her four-year audit appointment.

3. Rachel Browne and the audit team are independent of Tayside Pension Fund in accordance with relevant ethical requirements, including the Financial Reporting Council's Ethical Standard. This standard imposes stringent rules to ensure the independence and objectivity of auditors. Audit Scotland has robust arrangements in place to ensure compliance with ethical standards. The arrangements are overseen by the Executive Director of Innovation and Quality, who serves as Audit Scotland's Ethics Partner.

4. The Ethical Standard requires auditors to communicate any relationships that may affect the independence and objectivity of the audit team. There are no such relationships pertaining to the audit of Tayside Pension Fund to communicate.

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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 (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 report and accounts, namely the Management Commentary, Annual Governance Statement and the Governance Compliance Statement.
- Conclusions on Tayside Pension 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 Tayside Pension Fund's arrangements for securing Best Value.
- Provision of an Annual Audit Report setting out significant matters identified from the audit of the annual report and accounts and the wider scope areas specified in the Code of Audit Practice.

## Responsibilities

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

### Auditor's responsibilities

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

### Tayside Pension Fund's responsibilities

8. Tayside Pension Fund has primary responsibility for ensuring proper financial stewardship of public funds, compliance with relevant legislation

and establishing effective arrangements for governance, propriety and regularity that enables it to successfully deliver its objectives. The features of proper financial stewardship include:

- Establishing arrangements to ensure the proper conduct of its affairs.
- Preparation of an annual report and accounts, comprising financial statements that give a true and fair view and other 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.

### **Communication of fraud or suspected fraud**

**9.** In line with ISA (UK) 240 (The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements), in presenting this plan to the Pension Sub Committee we seek confirmation from those charged with governance of any instances of actual, suspected or alleged fraud that should be brought to our attention. Should members of the committee have any such knowledge or concerns relating to the risk of fraud within Tayside Pension Fund, we invite them to communicate this to the appointed auditor for consideration. Similar assurances will be sought as part of the audit completion process.

# Audit of the annual report and accounts

## Introduction

**10.** The audit of the annual report and accounts is driven by materiality and the risks of material misstatement in the financial statements, with greater attention being given to the significant risks of material misstatement. This chapter outlines materiality, the significant risks of material misstatement that have been identified, and the impact these have on the planned audit procedures.

## Materiality

**11.** 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 report and accounts.

**12.** Broadly, the concept of materiality is to determine whether matters identified during the audit could reasonably be expected to influence the decisions of users of the financial statements. 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.

**13.** The materiality levels determined for the audit of Tayside Pension Fund are outlined in [Exhibit 1](#).

## Exhibit 1

### 2025/26 Materiality levels for Tayside Pension Fund

Materiality	Tayside Pension Fund
<p><b>Materiality</b> – based on an assessment of the needs of users of the financial statements and the nature of Tayside Pension Fund’s operations, the benchmark used to determine materiality is net assets based on the audited 2024/25 financial statements. Materiality has been set at 2% of the benchmark.</p>	£111 million
<p><b>Performance materiality</b> – this acts as a trigger point. If the aggregate of misstatements identified during the audit exceeds performance materiality, this could indicate that</p>	£72 million

<b>Materiality</b>	<b>Tayside Pension Fund</b>
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further audit procedures are required. Using professional judgement, performance materiality has been set at 65% of planning materiality.

<b>Reporting threshold</b> – all misstatements greater than the reporting threshold will be reported.	£5.5 million
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Source: Audit Scotland

## Significant risks of material misstatement to the financial statements

**14.** The risk assessment process draws on the audit team’s cumulative knowledge of Tayside Pension Fund, including the nature of its operations and its significant transaction streams, the system of internal control, governance arrangements and processes, and developments that could impact on its financial reporting.

**15.** Based on the risk assessment process, significant risks of material misstatement to the financial statements have been identified and these are summarised in [Exhibit 2, page 7](#). These are the risks which have the greatest impact on the planned audit approach, and the planned audit procedures in response to the risks are outlined in Exhibit 2.

**16.** The risk assessment process is an iterative and dynamic process. The assessment of risks set out in this Annual Audit Plan and Exhibit 2 may change as more information and evidence is obtained over the course of the audit. Where such changes occur, these will be reported to Tayside Pension Fund and those charged with governance, where relevant.

### Exhibit 2

#### Significant risks of material misstatement to the financial statements

<b>Risk of material misstatement</b>	<b>Planned audit response</b>
<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</li> </ul>

Risk of material misstatement	Planned audit response
	<p>revenue and expenditure recognition around the year-end.</p> <ul style="list-style-type: none"> <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>

Source: Audit Scotland

## Key audit matters

**17.** The Code of Audit Practice requires public sector auditors to communicate key audit matters. Key audit matters are those 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.

**18.** 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.

**19.** In addition to the significant risks of material misstatement in Exhibit 2, we have identified two areas of specific audit focus due to the level of estimation involved in their valuation: the valuation of level three investments and the actuarial valuation of promised retirement benefits. These will be reported on as key audit matters in the Annual Audit Report.

**20.** Tayside Pension Fund held £627 million of level three investments at 31 March 2025. There are no observable inputs available for level three investments and therefore the valuation of these investments involves a significant degree of subjectivity, and valuations are estimated using specialist assumptions. Changes in the assumptions can result in material changes to the valuation of investments. To address this risk we will:

- Evaluate the design and implementation of controls over the valuation of level three investments.

- Evaluate the competence, capabilities, and objectivity of the investment manager.
- Obtain an understanding of the management's involvement in the valuation process to assess if appropriate oversight has occurred.
- Agree year-end valuations to valuation reports, or equivalent, prepared by investment managers.
- Review the appropriateness of the key data and assumptions used by management for the valuation of level three investments, and challenge these where required.
- Perform substantive analytical procedures on level three investments, using forecasts and market movements, to determine the reasonableness of valuations at the year-end.
- Review investment managers' controls reports to identify if there are any issues that impact on the planned audit procedures.

**21.** The actuarial valuation of promised 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. To address this risk we will:

- Assess the competence, capabilities, and objectivity of the actuary in line with ISA 500.
- Review the information provided to the actuary by the pension fund.
- Review the assumptions used by the actuary to reach the valuation of future retirement benefits.
- Review officers' arrangements for ensuring the completeness and accuracy of professional estimations for pensions.

**22.** The matters determined to be key audit matters will be communicated in the Annual Audit Report. Exhibit 2 outlines the significant risks of material misstatement to the financial statements that have been identified.

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# Wider scope and Best Value

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## Introduction

**23.** Reflecting the fact that public money is involved, the Code of Audit Practice requires that public audit is planned and undertaken from a wider perspective than in the private sector. The wider scope audit set out by the Code of Audit Practice broadens the audit of the annual report and accounts to include consideration of additional aspects or risks in four wider scope areas, which are summarised below:

- **Financial Management** – this means having sound budgetary processes. Factors that can impact on Tayside Pension Fund being able to secure sound financial management include the strength of the financial management culture, accountability, and arrangements to prevent and detect fraud, error and other irregularities, bribery and corruption.
- **Financial Sustainability** – this means looking forward over the medium and longer term in planning the services to be delivered and how they will be delivered effectively. This is assessed by considering Tayside Pension Fund’s medium to longer-term planning for service delivery.
- **Vision, Leadership and Governance** – this means having a clear vision and strategy, with set priorities within the vision and strategy. This is assessed by considering the clarity of plans in place to deliver the vision and strategy and the effectiveness of the governance arrangements to support delivery.
- **Use of Resources to Improve Outcomes** – this means using resources to meet stated outcomes and improvement objectives through effective planning and working with partners and communities. This is assessed by considering Tayside Pension Fund’s arrangements for ensuring resources are deployed to improve strategic outcomes, meet the needs of service users, and deliver continuous improvement.

**24.** A conclusion on the effectiveness and appropriateness of arrangements Tayside Pension Fund has in place for each of the wider scope areas will be reported in the Annual Audit Report.

## Best Value

**25.** Tayside Pension Fund is a pension fund that is administered by Dundee City Council. As pension funds are not local authorities or

separate bodies that fall within section 106 of the Local Government (Scotland) Act 1973, the statutory responsibility for securing Best Value for the pension fund lies with the administering local authority, Dundee City Council.

**26.** Therefore, consideration of the arrangements in place to secure Best Value will be carried out as part of the Dundee City Council audit, and a conclusion on those arrangements and any matters relevant to Tayside Pension Fund will be reported in the Annual Audit Report.

### **Significant wider scope and Best Value risks**

**27.** No significant risks in the wider scope areas or Best Value were identified from the risk assessment process.

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# Reporting arrangements, timetable and audit fee

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## Audit outputs

**28.** The outputs from the 2025/26 audit include:

- This Annual Audit Plan.
- An Independent Auditor's Report to Tayside Pension Fund and the Accounts Commission setting out opinions on the annual report and accounts.
- An Annual Audit Report to Tayside Pension Fund and the Accounts Commission setting out significant matters identified from the audit of the annual report and accounts, conclusions from the wider scope and Best Value audit, recommendations, where required, and any good practice identified.

**29.** The matters to be reported in the outputs will be discussed with Tayside Pension Fund for factual accuracy before they are issued. All outputs from the audit will be published on [Audit Scotland's website](#), apart from the Independent Auditor's Report, which is included in the audited annual report and accounts.

**30.** Target dates for the audit outputs are set by the Accounts Commission. In setting the target dates for the audit outputs, consideration is given to the statutory date for approving the annual report and accounts, which is 30 September 2026 for local government bodies.

**31.** The Independent Auditor's Report and Annual Audit Report are planned to be issued by the target date of 30 September 2026.

## Audit timetable

**32.** Achieving the timetable for production of the annual report and accounts, supported by complete and accurate working papers, is critical to delivery of the audit to agreed target dates. [Exhibit 3](#) includes a timetable for the audit, which has been agreed with management. Agreed target dates will be kept under review as the audit progresses, and any changes required, and their potential impact, will be discussed with Tayside Pension Fund and reported to those charged with governance, where required.

**Exhibit 3**

## 2025/26 audit timetable

Audit activity	Tayside Pension Fund target date	Audit team target date	Pension sub-committee date
Issue of Annual Audit Plan		23 March 2026	23 March 2026
<b>Choose an item:</b>			
• Consideration of unaudited annual report and accounts by those charged with governance	29 June 2026		29 June 2026
• Submission of unaudited annual report and accounts and all working papers to audit team	30 June 2026		
• Latest date for audit clearance meeting	7 September 2026	7 September 2026	
• Issue of draft Letter of Representation, proposed Independent Auditor's Report, and proposed Annual Audit Report		14 September 2026	28 September 2026
• Agreement of audited and unsigned annual report and accounts	14 September 2026	14 September 2026	
• Approval by those charged with governance and signing of audited annual report and accounts	28 September 2026		28 September 2026
• Signing of Independent Auditor's Report and issue of Annual Audit Report		28 September 2026	

Source: Audit Scotland

**Audit fee**

**33.** Tayside Pension Fund's audit fee is determined in line with Audit Scotland's fee setting arrangements. The agreed audit fee for the 2025/26 audit is £37,210 (2024/25 £35,866). This includes a £3,000 fee element for the additional procedures required to audit complex and hard to value assets.

**34.** In setting the audit fee, it is assumed that Tayside Pension Fund has effective governance arrangements in place and the complete annual report and accounts will be provided for audit in line with the agreed timetable. The audit fee assumes there will be no significant changes to the planned scope of the audit. Where the audit cannot proceed as planned, for example, due to incomplete or inadequate working papers, the audit fee may need to be increased.

**35.** As the Tayside Pension Fund auditor, we receive assurance requests from employer bodies' auditors. The number and complexity of these requests is increasing and the cost of the audit work required may not be fully contained within the agreed fee set out above. If we require to carry out additional work to respond to assurance requests from employer body auditors, we will charge the pension fund an additional fee. Tayside Pension Fund may choose to recharge the additional fee to the employer bodies.

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# Other matters

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## Internal audit

**36.** Tayside Pension Fund is responsible for establishing an internal audit function as part of an effective system of internal control. As part of the audit, the audit team will obtain an understanding of internal audit, including its nature, responsibilities, and activities.

**37.** While internal audit and external audit have differing roles and responsibilities, external auditors may seek to rely on the work of internal audit where it is considered appropriate. A review of internal audit's 2025/26 audit plan was carried out to identify if there were any areas where the audit team could rely on its work. The audit team concluded it will not rely on internal audit's work. However, the audit team will review internal audit's reports and assess if there is any impact on the audit.

## Audit quality

**38.** Audit Scotland is committed to the consistent delivery of high-quality audit. Audit quality requires ongoing attention and improvement to keep pace with external and internal changes. Details of the arrangements in place for the delivery of high-quality audits is available from the [Audit Scotland website](#).

**39.** The International Standards on Quality Management (ISQM) applicable to Audit Scotland for 2025/26 audits are:

- ISQM (UK) 1, which deals with an audit organisation's responsibilities to design, implement, and operate a system of quality management (SoQM) for audits. Audit Scotland's SoQM consists of a variety of components, such as governance arrangements and culture to support audit quality, compliance with ethical requirements, ensuring Audit Scotland is dedicated to high-quality audit through engagement performance and resourcing arrangements, and ensuring there are robust quality monitoring arrangements in place. Audit Scotland carries out an annual evaluation of its SoQM and has concluded it complies with this standard.
- ISQM (UK) 2, which sets out arrangements for conducting engagement quality reviews, which are performed by senior management not involved in an audit, to review significant judgements and conclusions reached by the audit team, and the appropriateness of proposed audit opinions on high-risk audits.

**40.** To monitor quality at an individual audit level, Audit Scotland carries out internal quality reviews on a sample of audits. Additionally, the Institute of Chartered Accountants of England and Wales (ICAEW) carries out independent quality reviews on a sample of audits.

**41.** Actions to address deficiencies identified by internal and external quality reviews are included in a rolling Quality Improvement Action Plan, which is used to support continuous improvement. Progress with implementing planned actions is monitored on a regular basis by Audit Scotland's Quality and Ethics Committee.

**42.** Audit Scotland may periodically seek the views of Tayside Pension Fund on the quality of audit services provided. The audit team would also welcome feedback at any time.

# Tayside Pension Fund

Annual Audit Plan 2025/26



Audit Scotland, 4th Floor, 102 West Port, Edinburgh EH3 9DN

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**REPORT TO:** PENSION SUB-COMMITTEE OF THE CITY GOVERNANCE COMMITTEE & PENSION BOARD – 23 MARCH 2025

**REPORT ON:** TAYSIDE PENSION FUND INTERNAL AUDIT REPORTS – Risk Management Framework Review

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

**REPORT NO:** 79-2026

**1 PURPOSE OF REPORT**

To submit audit reports prepared by the Fund's Internal Auditor, Pricewaterhouse Coopers (PwC).

**2 RECOMMENDATIONS**

Members are asked to note the content of the report on the audit review undertaken, and to approve the management response.

**3 FINANCIAL IMPLICATIONS**

None.

**4 MAIN TEXT**

- 4.1 The report details the review undertaken that focused on Fund's Risk Management Framework for 2025/26. PwC have provided an overall rating of this area as 'Satisfactory with Exceptions' driven by four Medium-rated findings and one Low-rated finding.

PwC's review found that Tayside Pension Fund has a well-established and actively used risk management framework, with strong governance engagement, comprehensive risk registers, and regular reporting already in place. The audit confirmed that the fundamentals of risk oversight, risk articulation, and control awareness are operating effectively in practice, with clear evidence of commitment to continuous improvement.

The five findings identified relate primarily to opportunities to formalise and strengthen existing arrangements such as documenting risk ownership and escalation routes, refreshing the Risk Policy and Appetite Statement to reflect the Fund's current maturity, enhancing completeness checks and horizon scanning processes, consolidating risk reporting into a clearer single view, and developing a more structured assurance framework.

- 4.3 The findings and recommendations of the audit have been discussed with management and responses are contained within the report. The implementation of the agreed management actions will be monitored, with progress being reported to the Sub-Committee in due course.

**5 POLICY IMPLICATIONS**

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

**6 CONSULTATIONS**

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

**7 BACKGROUND PAPERS**

None

**PAUL THOMSON  
EXECUTIVE DIRECTOR OF CORPORATE SERVICES**

**13 MARCH 2026**



Internal audit report 2025/26

# Risk Management Framework Review

Tayside Pension Fund (TPF)

**Final Report**

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# Contents

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## Distribution list

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For action:  
Stuart Norrie (Senior Banking & Investment Officer)  
Pradipta Mohanty (Service Manager - Financial Services)

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# Executive summary

**Report classification**

 **Satisfactory with Exceptions**  
*Refer to Appendix A for the basis of classification*



## Background and Scope

An effective risk management framework is fundamental to ensuring that the Fund meets its long-term objectives — namely safeguarding members’ benefits, maintaining employer contribution stability, and supporting sound decision-making. As TPF operates within the Local Government Pension Scheme (LGPS) framework, it is required to identify, assess, manage and monitor risks in a prudent, transparent, and proportionate manner.

While TPF has established governance arrangements and documented elements of its risk framework, effective risk management requires the Fund to retain clear ownership and oversight of risk management activities. This includes:

- Clearly articulating the Fund’s risk strategy, risk appetite, and governance framework.
- Defining roles, responsibilities, and escalation routes across officers, committees, and the Pension Board.
- Ensuring risks are consistently identified, assessed, monitored and reported, with appropriate assurance over key controls and third-party arrangements.

In an increasingly complex regulatory and operating environment, strong risk governance is critical. In line with the Pensions Regulator’s General Code, effective risk management supports:

- Clear accountability and delegation for risk management and oversight.
- Robust challenge and scrutiny of key risks to ensure alignment with the Fund’s objectives and risk appetite.
- Transparent and defensible risk-based decisions, providing assurance to employers, members, auditors and regulators.
- Ongoing review and adaptation of the risk framework to reflect changes in the Fund’s activities and external environment.

## Summary

The overall rating of this report is Satisfactory with exceptions, driven by four ‘medium’ rated findings and one ‘low’ rated finding. The scope of this review and our findings are summarised in the table below. Full details, alongside agreed actions from management are within the body of the report.

## Summary of findings

Scope		Summary of findings
<b>Governance and Oversight</b>	<ul style="list-style-type: none"> <li>• There are clear, single points of accountability for each key risk, with defined responsibilities and escalation paths.</li> <li>• Committees responsible for risk oversight are appropriately governed, with Terms of Reference, defined membership, and evidence of effective functioning (e.g., minutes, actions).</li> <li>• Governance and escalation routes to the Risk Committee (or Board) are documented and used, with actions clearly tracked through to resolution.</li> </ul>	<p><b>Finding 1: Enhancing risk governance oversight (Medium)-</b> The Fund's risk governance arrangements operate in practice but would benefit from greater formalisation to support clearer accountability, escalation, and follow-up of risk matters. Current arrangements rely on established reporting routines rather than a clearly documented governance framework. <b>Key aspects where governance discipline could be strengthened include:</b></p> <ul style="list-style-type: none"> <li>• Explicit assignment of ownership for key risks.</li> <li>• Clearly documented escalation routes and thresholds.</li> <li>• Formal tracking of actions arising from risk discussions.</li> </ul> <p>Enhancing governance structure in these areas would support more consistent oversight and timely resolution of risk issues.</p>
<b>Risk Policy &amp; Appetite</b>	<ul style="list-style-type: none"> <li>• A formally approved and periodically reviewed risk management policy exists and is aligned with the TPF's objectives and regulatory expectations.</li> <li>• TPF's risk appetite and tolerances are clearly defined, documented, and communicated to relevant stakeholders.</li> <li>• Risk appetite is linked to key decision areas such as investment, funding, operations, and covenant strength, and reviewed at least annually.</li> </ul>	<p><b>Finding 2: Inconsistent articulation of risk policy and appetite (Medium)-</b> Fund has an established Risk Management Policy and documented risk appetite; however, the framework has not been updated to clearly explain how appetite should be interpreted, governed, and applied as risk practices have evolved. <b>Key areas requiring clearer articulation include:</b></p> <ul style="list-style-type: none"> <li>• How risk appetite informs governance oversight and escalation.</li> <li>• The relationship between documented appetite and decision-making.</li> <li>• Formal confirmation and validation of appetite over time.</li> </ul> <p>Clarifying these aspects would improve consistency and transparency in the application of risk appetite.</p>
<b>Risk Identification &amp; Assessment</b>	<ul style="list-style-type: none"> <li>• The risk register includes all relevant risks (strategic, operational, financial, regulatory, ESG) and is regularly updated.</li> <li>• Risk descriptions, causes, impacts, and controls are clearly articulated and consistently captured.</li> <li>• There is a structured process for identifying emerging risks (e.g., horizon scanning, workshops), and these are reviewed by relevant committees.</li> </ul>	<p><b>Finding 3: Limited maturity in the risk identification and assessment framework (Medium)-</b> The Fund maintains a comprehensive Risk Register with a consistent structure; however, risk identification and assessment rely largely on periodic review rather than a clearly defined, forward-looking framework. <b>Key limitations in the current approach include:</b></p> <ul style="list-style-type: none"> <li>• Absence of explicit confirmation that all relevant risk categories are captured.</li> <li>• Informal identification of emerging risks without structured horizon scanning.</li> <li>• Variable depth and clarity in risk control descriptions.</li> </ul> <p>Introducing greater structure would support a more robust and future-focused assessment of risk</p>

# Executive summary

## Summary of findings

Scope	Summary of findings	
<p><b>Risk Monitoring &amp; Reporting</b></p>	<ul style="list-style-type: none"> <li>• Risk reports are produced regularly, include forward-looking insights, and cover key risk metrics (KRIs), risk ratings, and trends.</li> <li>• Action plans from prior risk assessments are clearly tracked, with assigned owners and due dates.</li> <li>• Risk dashboards and reporting are integrated with other performance and compliance reports where appropriate.</li> </ul>	<p><b>Finding 4: Limited integration and visibility across risk reporting (Medium)</b>- Risk information is routinely reported to governance bodies but is presented across multiple reports without a consolidated or forward-looking risk view. This reduces visibility of the Fund’s overall risk profile.</p> <p><b>Key weaknesses in the current reporting approach include:</b></p> <ul style="list-style-type: none"> <li>• Lack of a single risk dashboard or consolidated risk report.</li> <li>• Absence of defined Key Risk Indicators and trend analysis.</li> <li>• Limited linkage between risk reporting, performance reporting and incident management.</li> </ul> <p>A more integrated reporting approach would enhance transparency and support more effective oversight.</p>
<p><b>Risk Mitigation &amp; Controls</b></p>	<ul style="list-style-type: none"> <li>• Key controls are documented for each significant risk and reviewed periodically for design and operating effectiveness.</li> <li>• There is a formal process to assess the effectiveness of controls (e.g. self-assessment, internal assurance, third-party review).</li> <li>• The scheme has visibility of and assurance over third-party or outsourced controls (e.g. administrators, investment managers).</li> </ul>	<p><b>Finding 5: Inconsistency in Control Assurance arrangements (Low)</b>- Controls are documented and assurance is obtained from multiple sources; however, there is no unified framework to consistently assess, evidence, and track control effectiveness across the Fund and its outsourced arrangements.</p> <p><b>Key gaps in the assurance approach include:</b></p> <ul style="list-style-type: none"> <li>• No formal assessment of control design or operating effectiveness.</li> <li>• Inconsistent ownership and accountability for controls.</li> <li>• Lack of a scheme-owned approach to third-party assurance and follow-up.</li> </ul> <p>A more structured assurance framework would improve confidence in the effectiveness of the control environment.</p>

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# Current year findings

## 1 Enhancing risk governance oversight Control Design

### Finding and root cause

TPF has established governance bodies and regular reporting arrangements to support risk oversight; however, the design of governance and oversight arrangements does not clearly define accountability, escalation, and follow-up mechanisms for risk management. Specifically:

- Individual risk ownership is not explicitly documented, resulting in unclear roles and responsibilities for managing and escalating risks.
- Escalation thresholds, routes, and follow-up arrangements are not formally defined within a consolidated governance framework, with escalation relying primarily on routine reporting cycles.
- Actions arising from risk governance forums are not centrally tracked, with follow-up relying on subsequent agenda items rather than a formal action log.
- Lack of formally approved Pension Sub Committee Terms of Reference to articulate risk-specific responsibilities including key elements like Purpose and Objective, Membership details, Voting rights for decision making, Delegation details if any, Regular MI expectations and other Ad-Hoc reporting.

### Potential implications

In the absence of clearly defined risk ownership, escalation criteria, and formal action-tracking arrangements, there is a risk that key risks are not escalated, challenged, or mitigated in a timely and consistent manner. This may lead to unclear accountability, reliance on informal practices, and reduced assurance that governance and oversight arrangements operate effectively and consistently.

### Recommendations

1. Define and document clear ownership for key risks, including roles and responsibilities for managing and escalating risks.
2. Develop and formalise a consolidated risk governance framework, setting out escalation thresholds, routes, and oversight responsibilities to support consistent and timely escalation to the Pension Sub-Committee and Board.
3. Introduce a centralised action-tracking mechanism to record risk-related actions, ownership, due dates, and closure.
4. Formally approve and update the Pension Sub-Committee Terms of Reference to clearly define its risk oversight responsibilities, governance arrangements, and reporting expectations

### Finding rating

Impact	4
Likelihood	iv
Rating	Medium

# Current year findings

**1** Enhancing risk governance oversight  
Control Design

## Management action plan

All the above recommendations will be implemented on or before the target date.

**Responsible person/title:**

Pradipta Mohanty  
Service Manager- Financial Services

**Target date:**

31<sup>st</sup> December 2026

### Finding rating

Impact	4
Likelihood	iv
Rating	Medium

# Current year findings

## 2 Inconsistent articulation of risk policy and appetite

Control Design

### Finding and root cause

TPF has an approved Risk Management Policy & Strategy and a documented Risk Appetite Statement, and risk appetite is applied within the Risk Register. However, as the Fund’s risk management practices have evolved over time, the Risk Policy and Appetite framework has not been refreshed to clearly articulate how risk appetite should be interpreted, governed, and embedded across decision-making and oversight, resulting in gaps in clarity and consistency. Specifically:

- The Risk Management Policy has not been substantively refreshed to reflect the enhanced maturity now evident in practice, including the use of explicit appetite markers and inherent and residual risk scoring.
- The Policy does not explicitly reference alignment to the TPR General Code (ESOG), relying instead on implicit compliance through governance practices.
- Risk appetite is defined qualitatively, with no quantified tolerances or thresholds for key risk areas.
- While risk appetite is recorded in the Risk Register, the Policy does not clearly articulate how appetite should be interpreted, applied in governance processes, or explicitly linked to strategic decision-making and escalation.
- There is no explicit requirement for standalone annual confirmation or validation of risk appetite, nor for periodic validation that the Risk Register remains aligned with the approved Risk Policy and Appetite Statement.

### Finding rating

Impact	4
Likelihood	iv
Rating	Medium

### Potential implications

In the absence of a clearly articulated and up-to-date Risk Policy and Appetite framework, there is a risk that risk appetite is not interpreted or applied consistently across governance and decision-making activities. Reliance on qualitative definitions and implicit practices may reduce transparency over how risk appetite is intended to inform escalation, challenge, and oversight, and may limit the Fund’s ability to clearly demonstrate alignment between its documented policy, evolving risk practices, and regulatory good-practice expectations.

# Current year findings

## 2 Inconsistent articulation of risk policy and appetite Control Design

### Finding rating

Impact	4
Likelihood	iv
Rating	Medium

### Recommendations

1. Refresh and formally approve the Risk Management Policy & Risk Appetite Statement to reflect current risk management practices (including appetite markers and inherent/residual scoring) and to clearly articulate governance expectations.
2. Explicitly reference alignment to relevant regulatory good practice (including the TPR General Code) within the Risk Policy to enhance transparency and defensibility.
3. Clearly define how risk appetite should be interpreted, applied, and linked to governance decision-making and escalation, including consideration of whether defined tolerances are appropriate for key risk areas.
4. Introduce a structured validation process to periodically confirm alignment between the Risk Policy, Risk Appetite Statement, and the Risk Register.
5. Establish formal annual confirmation of risk appetite through the governance cycle to ensure it remains appropriate as conditions evolve.

### Management action plan

All the above recommendations will be implemented on or before the target date.

#### Responsible person/title:

Pradipta Mohanty  
Service Manager- Financial Services

#### Target date:

31<sup>st</sup> December 2026

# Current year findings

## 3 Limited maturity in the risk identification and assessment framework Control Design

### Finding rating

Impact	4
Likelihood	iv
Rating	Medium

### Finding and root cause

TPF maintains a comprehensive Risk Register and applies a broadly consistent structure to risk documentation; however, the design of the risk identification and assessment framework does not fully demonstrate completeness, consistency, or a clearly defined, forward-looking approach to identifying and assessing risks as the Fund’s activities evolve. Specifically:

- There is no explicit confirmation of completeness of the Risk Register against a defined risk taxonomy.
- Identification of emerging risks is informal and source-driven, with no documented horizon-scanning framework, structured methodology, or clear distinction between emerging and established risks.
- While risks follow a common structure, the depth and clarity of control descriptions varies, and linkage between controls and risk mitigation is not always explicit.
- There is no documented quality assurance or validation process to periodically assess the consistency, clarity, or completeness of risk descriptions, causes, impacts, and controls.
- The Risk Management Policy does not clearly set minimum documentation standards or require periodic validation that the Risk Register remains aligned to the Fund’s evolving risk profile.
- Risk reviews and updates are primarily time-based (quarterly), with no defined triggers linked to material events or changes in the operating environment.

### Potential implications

In the absence of a clearly defined and forward-looking risk identification and assessment framework, there is a risk that emerging or evolving risks are not identified, assessed, or escalated in a timely and consistent manner. Reliance on time-based reviews and informal inputs may reduce assurance that the Risk Register remains complete and current as the Fund’s activities and external environment change, potentially limiting the effectiveness of risk oversight and decision-making.

# Current year findings

## 3 Limited maturity in the risk identification and assessment framework Control Design

**Finding rating**

Impact	4
Likelihood	iv
Rating	Medium

**Recommendations**

1. Define and document a clear risk taxonomy to support periodic validation that the Risk Register remains complete and aligned to the Fund’s risk universe.
2. Formalise an emerging-risk identification process, including horizon scanning and structured consideration of internal and external inputs.
3. Establish minimum documentation standards for risk descriptions, causes, impacts, and controls to improve consistency and transparency including clearer linkage between controls and risk mitigation.
4. Implement a light-touch quality assurance process to periodically review the completeness and consistency of risk documentation across the Risk Register
5. Update the Risk Management Policy to define minimum documentation expectations and require periodic validation that the Risk Register reflects the Fund’s evolving activities and risk profile.
6. Define event-driven review triggers to supplement quarterly reviews and ensure risks are reassessed following material changes in the operating or regulatory environment.

**Management action plan**

All the above recommendations will be implemented on or before the target date.

**Responsible person/title:**

Pradipta Mohanty  
Service Manager- Financial Services

**Target date:**

31<sup>st</sup> December 2026

# Current year findings

## 4 Limited integration and visibility across risk reporting

Control Design

### Finding and root cause

TPF produces regular governance reporting and risk-related information across multiple reports; however, the design of the risk monitoring and reporting framework does not provide a consolidated, structured, or forward-looking view of risk across the Fund, nor clearly support accountability and follow-up of risk responses. Specifically:

- There is no standalone or consolidated risk report or dashboard providing a single, coherent view of the Fund’s overall risk profile and related risk metrics.
- Key Risk Indicators (KRIs) are not explicitly defined, documented, or reported, and trends in risk exposure are not formally analysed or presented.
- Risk reporting is distributed across multiple reports, with integration with performance and compliance information occurring through co-presentation rather than structured linkage.
- Risk mitigation actions arising from risk monitoring are not formally tracked through a structured action log with clearly defined ownership, due dates, and follow-up, resulting in implicit accountability and limited visibility over completion status.
- There is no formal incident management process, nor a defined mechanism to assess and reflect the impact of incidents or breaches on the Fund’s risk profile or risk appetite.

### Potential implications

In the absence of a consolidated and forward-looking risk reporting framework, there is a risk that senior decision-makers do not have a clear, timely, and complete view of the Fund’s overall risk profile. Fragmented reporting, lack of defined risk metrics, and limited action tracking may reduce transparency over emerging risks, weaken accountability for mitigation actions, and limit assurance that risks are being effectively monitored and managed in line with the Fund’s risk appetite.

### Finding rating

Impact	4
Likelihood	iv
Rating	Medium

# Current year findings

## 4 Limited integration and visibility across risk reporting Control Design

### Finding rating

Impact	4
Likelihood	iv
Rating	Medium

### Recommendations

1. Develop a consolidated risk reporting framework, including a single risk report or dashboard to provide a coherent view of the Fund's overall risk profile and key metrics
2. Define and implement a set of Key Risk Indicators (KRIs), supported by structured trend analysis, to enable more forward-looking monitoring of risk exposure.
3. Enhance integration between risk, performance, and compliance reporting, through clearer linkage or structured cross-referencing within governance reports.
4. Introduce a centralised action-tracking mechanism to record mitigation actions, ownership, due dates, and closure status to strengthen accountability and oversight.
5. Establish a proportionate incident management process, including a defined approach to assessing and recording the impact of incidents or breaches on the Fund's risk profile and risk appetite.

### Management action plan

All the above recommendations will be implemented on or before the target date.

#### Responsible person/title:

Pradipta Mohanty  
Service Manager- Financial Services

#### Target date:

31<sup>st</sup> December 2026

# Current year findings

## 5 Inconsistency in Control Assurance arrangements Control Design

### Finding and root cause

TPF documents controls against key risks and obtains assurance through internal audit, external audit, and third-party reviews. However, the control effectiveness and assurance framework is not clearly defined or applied in a consistent and manner, limiting the Fund’s ability to demonstrate how control design and operating effectiveness are assessed and monitored across the organisation. Specifically:

- While controls are documented, there is no formal process to assess or record control design effectiveness, with reliance placed on implicit review through risk discussions.
- Operating effectiveness of controls is not formally tested or documented, with no evidenced RCSA, control framework, or structured control testing programme.
- Ownership and accountability for individual controls are not consistently defined, reducing clarity over responsibility for control performance.
- Assurance activities (internal audit, external audit, and third-party reviews) provide periodic and selective coverage, rather than a routine, scheme-wide view of control effectiveness.
- There is no documented, scheme-owned framework for third-party assurance, including clear minimum expectations and follow-up arrangements for key outsourced service providers such as investment managers, the global custodian, and pensions administration systems.
- Issues identified through audit or third-party assurance are not systematically tracked, with no consistent process to record actions, ownership, and closure.

### Potential implications

In the absence of a clearly defined and consistent control effectiveness and assurance framework, there is a risk that management and governance bodies lack sufficient transparency and assurance over whether key controls—particularly those operated internally and by third parties—are designed and operating effectively. This may reduce confidence in the Fund’s ability to identify control weaknesses promptly, address assurance issues consistently, and demonstrate robust oversight across its control environment.

### Finding rating

Impact	3
Likelihood	iii
Rating	Low

# Current year findings

## 5 Inconsistency in Control Assurance arrangements

### Control Design

#### Finding rating

Impact	3
Likelihood	iii
Rating	Low

#### Recommendations

1. Establish a defined control assurance framework that sets out how control design and operating effectiveness are to be assessed and evidenced across key risks.
2. Introduce a proportionate approach to control testing (e.g. RCSA or targeted control reviews) to support periodic assessment of control effectiveness.
3. Clarify ownership and accountability for key controls, including responsibility for monitoring and remediation.
4. Develop a structured assurance plan or framework to improve visibility over coverage and gaps across key controls.
5. Define minimum assurance expectations for key outsourced service providers, including investment managers, the global custodian and pensions administration systems.
6. Implement a structured process to track assurance findings and follow-up actions through to resolution.

#### Management action plan

All the above recommendations will be implemented on or before the target date.

#### Responsible person/title:

Pradipta Mohanty  
Service Manager- Financial Services

#### Target date:

31<sup>st</sup> December 2026

# Appendices

Appendix A: Basis of our classifications

Appendix B: Terms of reference

Appendix C: Limitations and responsibilities

# Appendix A: Basis of our classifications

## Individual finding ratings

Findings are assessed on their impact and likelihood based on the assessment rationale in the tables below.

Impact rating	Assessment rationale
<b>6</b>	<p>A finding that could have a:</p> <ul style="list-style-type: none"> <li>• Critical impact on operational performance; or</li> <li>• Critical monetary or financial statement impact; or</li> <li>• Critical breach in laws and regulations that could result in material fines or consequences; or</li> <li>• Critical impact on the reputation or brand of the organisation which could threaten its future viability.</li> </ul>
<b>5</b>	<p>A finding that could have a:</p> <ul style="list-style-type: none"> <li>• Significant impact on operational performance; or</li> <li>• Significant monetary or financial statement impact; or</li> <li>• Significant breach in laws and regulations resulting in large fines and consequences; or</li> <li>• Significant impact on the reputation or brand of the organisation.</li> </ul>
<b>4</b>	<p>A finding that could have a:</p> <ul style="list-style-type: none"> <li>• Major impact on operational performance; or</li> <li>• Major monetary or financial statement impact; or</li> <li>• Major breach in laws and regulations resulting in significant fines and consequences; or</li> <li>• Major impact on the reputation or brand of the organisation.</li> </ul>
<b>3</b>	<p>A finding that could have a:</p> <ul style="list-style-type: none"> <li>• Moderate impact on the organisation's operational performance; or</li> <li>• Moderate monetary or financial statement impact; or</li> <li>• Moderate breach in laws and regulations with moderate consequences; or</li> <li>• Moderate impact on the reputation of the organisation.</li> </ul>

# Appendix A: Basis of our classifications

## Individual finding ratings

Impact rating	Assessment rationale
2	A finding that could have a: <ul style="list-style-type: none"> <li>• Minor impact on the organisation's operational performance; or</li> <li>• Minor monetary or financial statement impact; or</li> <li>• Minor breach in laws and regulations with limited consequences; or</li> <li>• Minor impact on the reputation of the organisation.</li> </ul>
1	A finding that could have a: <ul style="list-style-type: none"> <li>• Insignificant impact on the organisation's operational performance; or</li> <li>• Insignificant monetary or financial statement impact; or</li> <li>• Insignificant breach in laws and regulations with little consequence; or</li> <li>• Insignificant impact on the reputation of the organisation.</li> </ul>
Advisory	A finding that does not have a risk impact but has been raised to highlight areas of inefficiencies or good practice.

## Likelihood

Likelihood rating	Assessment rationale
vi	Has occurred or probable in the near future
v	Possible in the next 12 months
iv	Possible in the next 1-2 years
iii	Possible in the medium term (2-5 years)
ii	Possible in the long term (5-10 years)
i	Unlikely in the foreseeable future

# Appendix A: Basis of our classifications

## Finding rating

This grid is used to determine the overall finding rating. Issues with a low impact and likelihood rating will not be reported.

Likelihood rating	Impact rating					
	6	5	4	3	2	1
vi	Critical	Critical	High	High	Medium	Medium
v	Critical	High	High	Medium	Medium	Low
iv	High	High	Medium	Medium	Low	Low
iii	High	Medium	Medium	Low	Low	Low
ii	Medium	Medium	Low	Low	Low	Not reportable
i	Medium	Low	Low	Low	Not reportable	Not reportable

## Report classifications

The report classification is determined by allocating points to each of the findings included in the report.

Findings rating	Points	Report classification	Points
Critical	40 points per finding	 Satisfactory	6 points or less
High	10 points per finding	 Satisfactory with exceptions	7 – 15 points
Medium	3 points per finding	 Needs improvement	16 – 39 points
Low	1 point per finding	 Unsatisfactory	40 points and over

# Appendix B: Audit scope and approach

## Scope

Our scope will consist of the following:

Sub-process	Objectives and areas of review	Risks
<b>Governance &amp; Oversight</b>	<ul style="list-style-type: none"> <li>• There are clear, single points of accountability for each key risk, with defined responsibilities and escalation paths.</li> <li>• Committees responsible for risk oversight are appropriately governed, with Terms of Reference, defined membership, and evidence of effective functioning (e.g., minutes, actions).</li> <li>• Governance and escalation routes to the Risk Committee (or Board) are documented and used, with actions clearly tracked through to resolution.</li> </ul>	<ul style="list-style-type: none"> <li>• Lack of accountability or ownership of risk management may lead to unmanaged risks or delays in response.</li> <li>• Ineffective or duplicated committee structures could lead to poor oversight and delayed decisions.</li> <li>• Poor escalation or follow-up of risks may result in unresolved issues or missed opportunities for mitigation.</li> </ul>
<b>Risk Strategy</b>	<ul style="list-style-type: none"> <li>• A formal risk strategy is in place that aligns with the TPF's long-term objectives, including funding, investment, and covenant strength.</li> <li>• The risk strategy is informed by scenario analysis, stress testing, and external environment scanning (e.g. market, regulatory, economic changes).</li> <li>• There is evidence that the risk strategy informs and guides key business decisions, including investment strategy, liability management, and journey planning.</li> <li>• The strategy is reviewed at least annually or in response to material events, and changes are approved by the Board or delegated committee.</li> </ul>	<ul style="list-style-type: none"> <li>• Absence of a defined risk strategy may result in misalignment between risk-taking and strategic goals.</li> <li>• Risk strategy does not reflect current or potential future risks (e.g. inflation, interest rate volatility, climate risks).</li> <li>• Key decisions are made in isolation without reference to agreed risk tolerances or long-term targets.</li> <li>• Risk strategy becomes outdated or irrelevant, leading to unmanaged or excessive risk exposures.</li> </ul>
<b>Risk Policy &amp; Appetite</b>	<ul style="list-style-type: none"> <li>• A formally approved and periodically reviewed risk management policy exists and is aligned with the TPF's objectives and regulatory expectations.</li> <li>• TPF's risk appetite and tolerances are clearly defined, documented, and communicated to relevant stakeholders.</li> <li>• Risk appetite is linked to key decision areas such as investment, funding, operations, and covenant strength, and reviewed at least annually.</li> </ul>	<ul style="list-style-type: none"> <li>• The policy is outdated or not aligned with current practices, leading to inconsistencies in risk handling.</li> <li>• Risk appetite is either too vague or not known by decision-makers, leading to either over-cautious or excessive risk.</li> <li>• Disconnected risk appetite and strategic decisions may result in breaches or missed targets.</li> </ul>

# Appendix B: Audit scope and approach

## Scope

Our scope will consist of the following:

Sub-process	Objectives and areas of review	Risks
<b>Risk Identification &amp; Assessment</b>	<ul style="list-style-type: none"> <li>The risk register includes all relevant risks (strategic, operational, financial, regulatory, ESG) and is regularly updated.</li> <li>Risk descriptions, causes, impacts, and controls are clearly articulated and consistently captured.</li> <li>There is a structured process for identifying emerging risks (e.g., horizon scanning, workshops), and these are reviewed by relevant committees.</li> </ul>	<ul style="list-style-type: none"> <li>Key risks are omitted or poorly documented, exposing the scheme to unexpected or unmanaged events.</li> <li>Incomplete or inconsistent entries in the register lead to ineffective mitigation planning.</li> <li>Failure to identify emerging risks (e.g. cyber, climate, geopolitical) could leave the scheme vulnerable to new threats.</li> </ul>
<b>Risk Monitoring &amp; Reporting</b>	<ul style="list-style-type: none"> <li>Risk reports are produced regularly, include forward-looking insights, and cover key risk metrics (KRIs), risk ratings, and trends.</li> <li>Action plans from prior risk assessments are clearly tracked, with assigned owners and due dates.</li> <li>Risk dashboards and reporting are integrated with other performance and compliance reports where appropriate.</li> </ul>	<ul style="list-style-type: none"> <li>Reports are backward-looking, overly technical, or fail to provide actionable insights.</li> <li>Actions are not followed through or responsibility is unclear, leading to repeated or unaddressed risks.</li> <li>Siloed reporting leads to missed interdependencies or opportunities to address risks holistically.</li> </ul>
<b>Risk Mitigation &amp; Controls</b>	<ul style="list-style-type: none"> <li>Key controls are documented for each significant risk and reviewed periodically for design and operating effectiveness.</li> <li>There is a formal process to assess the effectiveness of controls (e.g. self-assessment, internal assurance, third-party review).</li> <li>The scheme has visibility of and assurance over third-party or outsourced controls (e.g. administrators, investment managers).</li> </ul>	<ul style="list-style-type: none"> <li>Controls may exist but are either ineffective or not tested, exposing the scheme to unmanaged risk.</li> <li>Over Reliance on undocumented or assumed controls may result in false assurance.</li> <li>Inadequate oversight of third parties could lead to operational failures or regulatory breaches.</li> </ul>

# Appendix B: Audit scope and approach

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## Limitations of scope

As part of our review, we will not cover the following:

- Independent re-assessment or re-scoring of risks in the risk register
- Challenge or assessment of the appropriateness of your risk appetite thresholds or risk related metrics
- Detailed assessment of the management of each relevant risk types at a granular level, for instance in cybersecurity, data protection, third party, operational, climate, ESG and regulatory risks
- Accuracy and completeness of the underlying MI data
- External benchmarking or peer comparison of risk management frameworks

Our assessment will include those matters that we consider relevant based on our understanding of the key risks to the organisation. Our review will be restricted to evaluating the design effectiveness of processes and controls in place in respect to risk management.

Any observations we may report are limited to those identified through the course of our work and are not intended to represent an exhaustive list of all potential issues or considerations. Our work is not designed to ensure compliance with all laws and regulations. Fraud, error, or non compliance with laws and regulations may occur and not be detected. Furthermore, the scope of our work does not constitute assurance over compliance with any laws and regulations.

## Audit approach

Our audit approach is as follows:

1. We will evaluate the processes in place to address the key risks identified on page 4 and 5 through walkthroughs with key personnel and review of documentation. This will be through discussions with key personnel, a desktop review of documentation and our knowledge of best practice.
2. Identify the key risks relating to the risk management framework, objectives and governance framework.
3. Evaluate the design of the controls in place to address the key risks.

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# Appendix C: Limitations and responsibilities

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## Limitations inherent to the internal auditor's work

We have undertaken this review subject to the limitations outlined below:

### Internal control

Internal control systems, no matter how well designed and operated, are affected by inherent limitations. These include the possibility of poor judgment in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls, and the occurrence of unforeseeable circumstances.

### Future periods

Our assessment of controls is at January 2026 only. Historic evaluation of effectiveness is not relevant to future periods due to the risk that:

- The design of controls may become inadequate because of changes in operating environment, law, regulation, or other changes; or
- The degree of compliance with policies and procedures may deteriorate.

## Responsibilities of management and internal auditors

It is management's responsibility to develop and maintain sound systems of risk management, internal control, and governance, and for the prevention and detection of irregularities and fraud. Internal audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems.

We endeavor to plan our work so that we had a reasonable expectation of detecting significant control weaknesses and, if detected, we carried out additional work directed towards identification of consequent fraud or other irregularities. However, internal audit procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected.

Accordingly, our examinations as internal auditors should not be relied upon solely to disclose fraud, defalcations, or other irregularities which may exist.

# Thank you

This document has been prepared only for Tayside Pension Fund and solely for the purpose and on the terms agreed with Tayside Pension Fund in our agreement dated 20 January 2025. We accept no liability (including for negligence) to anyone else in connection with this document, and it may not be provided to anyone else. Internal audit work was performed in accordance with PwC's Internal Audit methodology which is aligned to public sector internal audit standards. As a result, our work and deliverables are not designed or intended to comply with the International Auditing and Assurance Standards Board (IAASB), International Framework for Assurance Engagements (IFAE) and International Standard on Assurance Engagements (ISAE) 3000.

If you receive a request under freedom of information legislation to disclose any information we provided to you, you will consult with us promptly before any disclosure.  
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**REPORT TO: PENSION SUB-COMMITTEE OF THE CITY GOVERNANCE COMMITTEE & PENSION BOARD – 23 MARCH 2026**

**REPORT ON: TREASURY POLICY STATEMENT 2026/2027**

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

**REPORT NO: 80-2026**

## **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 Treasury Policy Statement 2026/2027, noting that the policy must be reviewed annually, and that there are no changes.

## **3 FINANCIAL IMPLICATIONS**

None.

## **4 INTRODUCTION**

The Pension Sub-committee of the City Governance Committee and Pension Board approved an amended Treasury Policy Statement on 22 September 2025 (Report no 260-2025) which incorporated activities of Tayside Pension Fund. The statement is subject to annual review each March 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**

**13 MARCH 2026**

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**TREASURY POLICY  
2026-2027**

Executive Director of Corporate Services  
Dundee City Council, Administering Authority  
March 2026

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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

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## 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 MUFG 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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**REPORT TO: PENSION SUB-COMMITTEE OF THE CITY GOVERNANCE COMMITTEE & PENSION BOARD – 23 MARCH 2026**

**REPORT ON: TREASURY MANAGEMENT STRATEGY 2026/2027**

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

**REPORT NO: 81-2026**

**1 PURPOSE OF REPORT**

This report reviews the Treasury Management Strategy for Tayside Pension Fund.

**2 RECOMMENDATIONS**

The Sub-Committee is asked to approve the Treasury Management Strategy 2026/2027, noting that the strategy must be reviewed annually, and that there are no changes.

**3 FINANCIAL IMPLICATIONS**

None

**4 BACKGROUND**

From 1 December 2009, as a requirement of legislation in order 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 previous Treasury Management Strategy for the Pension Fund (Article X of the Minute of Meeting of the Pension Sub-Committee of Policy and Resources Committee & Pension Board of 17 March 2025, report no. 99- 2025 refers) reviews this strategy.

**5 TREASURY MANAGEMENT STRATEGY 2026/2027**

The Fund's Treasury Management Strategy is 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.

**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 CONSULTATION**

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**

**13 MARCH 2026**

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**TREASURY MANAGEMENT STRATEGY  
2026-2027**

**Executive Director of Corporate Services  
Dundee City Council, Administering Authority  
March 2026**

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- 1.1 Background
- 1.2 Treasury Management Strategy for 2026/27

**2 Annual Investment Strategy**

- 2.1 Investment Strategy
- 2.2 Investment Interest Risk

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## 1. INTRODUCTION

### 1.1 Background

From 1 December 2009, Tayside Pension Fund has operated a separate bank account from that of Dundee City Council. This is a requirement of legislation and ensures greater transparency of Pension Fund money.

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.

Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the Council's low risk appetite, providing adequate liquidity initially before considering investment return.

### 1.2 Treasury Management Strategy for 2026/27

The strategy for 2026/27 covers the following Treasury Management areas:

- investment strategy;
- investment interest risk

These elements cover requirements of the Local Government in Scotland Act 2003, the CIPFA Prudential Code, the CIPFA Treasury Management Code and Scottish Government Investment Regulations not included in the Treasury Policy.

## 2. ANNUAL INVESTMENT STRATEGY

### 2.1 Investment strategy

Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months).

The current forecast is for Bank of England base rate to continue to decrease since a peak of 5.25% in Q4 2023. Base rate forecasts for financial year ends (March) are:

2025/26	3.75%
2026/27	3.25%
2027/28	3.25%

The suggested budgeted investment earnings rates for returns on investments placed for periods up to 3 months during each financial year are as follows:

2025/26 (residual)	3.80%
2026/27	3.40%
2027/28	3.30%
2028/29	3.30%
2029/30	3.50%
Years 6 - 10	3.50%
Years 10+	3.50%

For its cash flow generated balances, the Fund will seek to utilise its money market funds and short-dated deposits (overnight to 100 days) in order to benefit from the compounding of interest.

## 2.2 Investment interest risk

The Fund holds relatively low levels of cash internally which allows fund managers to actively manage the majority of cash balances. The table below details projections for investment cash balance (31 March), the average investment cash balance, investment interest along with an average interest rate.

£000s	Actual 2024/25	Outturn 2025/26	Estimate 2026/27	Estimate 2027/28	Estimate 2028/29
Investment cash balance (31 March)	6,125	50,000	10,000	10,000	10,000
Average investment cash balance	19,315	31,000	20,000	20,000	20,000
Investment interest	981	1,271	680	660	660
Average interest rate	5.08%	4.10%	3.40%	3.30%	3.30%

The investment interest detailed above is derived from Money Market Funds. For the current financial year, the Fund anticipates income of approximately £1.271m, based on an average interest rate of 4.10% and an average cash balance of £31m. The higher average cash balances observed during 2025/26 reflect the disinvestment from an equity manager.

**REPORT TO: PENSION SUB-COMMITTEE OF THE CITY GOVERNANCE COMMITTEE  
& PENSION BOARD – 23 MARCH 2026**

**REPORT ON: PENSION ADMINISTRATION STRATEGY**

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

**REPORT NO: 82-2026**

## **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 strategy contained within, noting that there are no changes.

## **3 FINANCIAL IMPLICATIONS**

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

## **4 BACKGROUND**

This is the Pension Administration Strategy of Tayside Pension Fund, administered by Dundee City Council. This Statement has been produced in accordance with regulation 57 of the Local Government Pension Scheme (Scotland) Regulations 2018.

The Administration Strategy is required to be reviewed and subject to Sub-Committee approval on an annual basis.

## **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**

13 March 2026

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# **PENSIONS ADMINISTRATION STRATEGY**

**2026-27**

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### **1. Introduction**

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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

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 and other member communications and engagement
- the Pensions Dashboard
- individual member benefit calculations
- employer calculations for actuarial and accounting (FRS102/IAS19) purposes

Member data is considered a priority, not just by the Fund, but also by the Pensions Regulator and the Fund must submit data quality results annually.

The fund requires an electronic submission of data, and the employer is responsible for the quality of data received. However, the Fund will continue to work with employers for instances of missing/mismatched data.

## 6. Communication

In accordance with the scheme regulations the Fund prepares, reviews and publishes a separate communication policy

## 7. Systems and IT

Tayside Pension Fund is a long-standing user of Altair, the bespoke administration system for Local Government Pension Schemes. The Altair application is upgraded quarterly, and the Fund is currently operating on version 25.4.

Within Altair, the Fund has implemented the Task Management, Workflow, Performance Measurement, and Insights modules. These form the core of its process planning, operational management, monitoring, data analytics, and data quality measurement. Altair is integrated with a Document Image Processing System (DIPS) to support straight-through electronic processing.

The system also provides Member Engage, an online service for scheme members, and i-Connect, a secure portal that enables employers to submit data and upload documents directly to Tayside Pension Fund. Ongoing use, continuous improvement, and increasing member engagement with these tools are key components of the Fund's administration strategy.

For wider finance functions, the Fund uses the Council's R/L payroll system and the Civica payments system. All staff are equipped with laptops that allow secure remote access to the network and systems, supporting hybrid working and enhancing flexibility and operational resilience.

## 8. Monitoring and Reporting

Performance and service standards will be monitored on an ongoing basis, with performance against key performance indicators are 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 may be 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 Saving Statement by 6 <sup>th</sup> October, and where applicable submission of data for the actuarial valuation.	£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 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.

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<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 based on 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.

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<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.

<b>Appendix C – Service Standards (Employer)</b>
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- 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	<ul style="list-style-type: none"> <li>• To decide and deduct the correct contributions rate, in accordance with guidance issued by the Scottish Ministers</li> </ul>	<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	<ul style="list-style-type: none"> <li>• To apply changes in the Employer contribution rate as per the Fund Actuary</li> </ul>	<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	<ul style="list-style-type: none"> <li>• 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.</li> </ul>	<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>
Data Submissions	<ul style="list-style-type: none"> <li>• Upload regular data submission via the i-Connect platform.</li> </ul>	<ul style="list-style-type: none"> <li>• Electronic submissions must be submitted by the 19<sup>th</sup> of the month following the reporting period.</li> </ul>
CARE (including Assumed Pensionable Pay APP) & Fulltime Equivalent Pay (FTE)	<ul style="list-style-type: none"> <li>• CARE, or where applicable APP and FTE pay to be notified by the employer to maintain the member's pension scheme record.</li> </ul>	<ul style="list-style-type: none"> <li>• Monthly as part of the submission of monthly contributions</li> </ul>
Additional Voluntary Contributions	<ul style="list-style-type: none"> <li>• Deduct contributions as per member instructions and forwarded deductions either to the Fund or the provider.</li> </ul>	<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	<ul style="list-style-type: none"> <li>• Payment as agreed</li> </ul>	<ul style="list-style-type: none"> <li>• On receipt of invoice or in line with agreed payment arrangement.</li> </ul>
Compensatory Added Years	<ul style="list-style-type: none"> <li>• Payment to the Fund of any amounts paid on behalf of the scheme employer as awarded under the Discretionary and Injury Payments Regulations</li> </ul>	<ul style="list-style-type: none"> <li>• On receipt of invoice or in line with agreed payment arrangement.</li> </ul>
New Starts	<ul style="list-style-type: none"> <li>• Information required to create a new pension scheme record. This information must be supplied in the agreed format.</li> </ul>	<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	<p>Information required to maintain member pension scheme record including such changes as</p> <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> <p>Information to be issued to the Fund using the agreed format.</p>	<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>	<ul style="list-style-type: none"> <li>• Received no later than the end of the month following the date of leaving/opting out.</li> </ul>
Retirement Estimates (individual)	<ul style="list-style-type: none"> <li>• 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</li> </ul>	<ul style="list-style-type: none"> <li>• Requests must be received at least 3 months prior to the estimated retirement date.</li> </ul>
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> </ul>	<ul style="list-style-type: none"> <li>• 3 months' notice</li> </ul>

	<ul style="list-style-type: none"> <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>	
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>	<ul style="list-style-type: none"> <li>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.</li> </ul>
Ill 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 Ill Health Certificate by the Occupation Health Practitioner and employer must also be issued.</li> <li>P45</li> </ul>	<ul style="list-style-type: none"> <li>No later than 5 working days after the members date of leaving.</li> </ul>
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>	<ul style="list-style-type: none"> <li>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.</li> </ul>
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>	<ul style="list-style-type: none"> <li>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.</li> </ul>
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>	<ul style="list-style-type: none"> <li>No later than 10 working days following the date of death.</li> </ul>
Queries raised in relation to the processing of a member's retirement, Death in service or Early Leaver	<ul style="list-style-type: none"> <li>Queries raised will be issued in an agreed electronic format and replies from the employer must be issued electronically.</li> </ul>	<ul style="list-style-type: none"> <li>Retirement - No later than 10 working days from the date the query is issued.</li> <li>Retirement (Ill 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> </ul>

		<ul style="list-style-type: none"> <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>	<ul style="list-style-type: none"> <li>• All files must be accurate, complete and submitted by the deadline date advised.</li> </ul>
Responding to Year End Data Queries	<ul style="list-style-type: none"> <li>• All data queries relating to missing or mismatched data will be returned to employers for review and resolution</li> </ul>	<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)	<ul style="list-style-type: none"> <li>• All data queries relating to missing or mismatched data will be returned to employers for review and resolution</li> </ul>	<ul style="list-style-type: none"> <li>• Within 15 working days from the issue of the queries</li> </ul>
Responding to Queries in relation to the issue of the issue of annual Pension Saving Statement (Annual Allowance)	<ul style="list-style-type: none"> <li>• All queries and or requests for additional information required to provide scheme members with their annual Pension Saving Statements</li> </ul>	<ul style="list-style-type: none"> <li>• Within 10 working days from the issue of the queries</li> </ul>
Responding to queries in relation to the Actuarial Valuation data submission	<ul style="list-style-type: none"> <li>• All data queries relating to missing or mismatched data will be returned to employers for review and resolution</li> </ul>	<ul style="list-style-type: none"> <li>• Within 15 working days from the issue of the queries</li> </ul>

Employer Structural Changes	<ul style="list-style-type: none"> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>As soon as possible, providing all relevant details and requests for information.</li> </ul>
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### Appendix D – Service Standards (Fund)

Those marked with \* below are those with a statutory timescale requirement.

Fund Action	Target
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	27%
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.	81%
Ill Health Retirement	Received at least no later than 5 days following the date of leaving	18%
Early Leavers	Received no later than the end of the month following the date of leaving/opting out	44%
Death in Service Notification	Received no later than 5 working days from date of death.	17%
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	98%
Submission of monthly contributions returns via secure on-line portal	Received no later than the 19 <sup>th</sup> of the month following deduction.	62%
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 *	100%
Early Leavers (deferred benefits)	Within 2 months of receiving leaver notification (cessation form)*	81%

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.	Not available
Dependent(s) notification of benefits	No more than 2 months from the date of becoming aware of death *	99%
Issue Transfer Out – CETV Quotes	Within 3 months from the date of request *	91%
Issue Transfer Out – CETV Actual	Within 1 month from the receipt of all required information and compliance checks being made	Not Available
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 *	94%
To provide retirement estimates (bulk)	Within 15 working days of receipt of all information	100%
To provide Divorce information	Within 3 months of receipt of all information, or such shorter period is as required by the Courts. *	78%
Annual Benefit Statements - Active and deferred Members	No later than 31 <sup>st</sup> August *	100%
Annual Pension Increase notifications	No later than 30 <sup>th</sup> April *	100%
Annual Pension Saving Statements (for those who have exceed the annual allowance)	No later than 6 <sup>th</sup> October *	100%

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**REPORT TO** PENSION SUB-COMMITTEE OF THE CITY GOVERNANCE COMMITTEE  
& PENSION BOARD – 23 MARCH 2026

**REPORT ON:** TAYSIDE PENSION FUND COMMUNICATION POLICY

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

**REPORT NO:** 83-2026

**1 PURPOSE OF REPORT**

To present a communications policy as required by the Local Government Pension Scheme (Scotland) Regulations 2014.

**2 RECOMMENDATIONS**

The Committee is asked to approve the Communications Policy which has been reviewed and updated in conjunction with the Fund's Administration Strategy, noting that the Communications Policy must be reviewed annually, and that there are no changes.

**3 BACKGROUND**

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.

**3 FINANCIAL IMPLICATIONS**

There are no financial implications.

**4 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.

**5 CONSULTATIONS**

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

**6 BACKGROUND PAPERS**

None

**PAUL THOMSON**  
EXECUTIVE DIRECTOR OF CORPORATE SERVICES

**13 MARCH 2026**

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## **COMMUNICATIONS POLICY**

**MARCH 2026**

### **1. Introduction**

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Tayside Pension Fund is administered by Dundee City Council, with pension administration and investment services for 38 local government employers and associated bodies and their employees within the Tayside Area.

## 2. Vision

Our vision is that anyone with an interest in the pension fund should have ready access to all the information they require, and in this, we aim to make pensions issues understandable to all and to promote the membership of the Tayside Pension Fund.

## 3. Objectives & Aims

Our goal is to provide an efficient, affordable and attractive pension arrangement that is regarded by employers and members as an important and valued part of the employment package. The objectives of this policy are as follows:

- To improve understanding of the pension fund, ensuring that pension regulations and policies are communicated in a clear and informative way.
- To promote the benefits of the scheme, to ensure recognition as an integral part of employee remuneration.
- To provide clear information in the most appropriate manner to allow members to make more informed decisions relating to their pensions.
- To ensure that our communications methods and manners are continually evaluated, assessed and redesigned to ensure continuing effectiveness.

Our aim is that our communications shall:

- be timely delivered in the most efficient and effective manner
- have relevant content, clear purpose with clear message
- be monitored and measured as to level of success and satisfaction, with targets agreed in annual business plan, and results reported annually
- encourage engagement, comment and feedback
- continue using digital communication where possible

## 4. Stakeholders

There is a statutory requirement to communicate with all stakeholders, and we will inform all stakeholders of the Fund about the scheme in a clear, purposeful and timely manner. Our stakeholders are:

- Prospective Scheme Members
- Active Scheme Members
- Deferred Scheme Members
- Pensioner and Dependent Members
- Scheme employers
- Dundee City Council, as the Administering Authority
- The Pensions Committee
- The Pensions Board
- Pensions Team Staff
- Other external bodies such as Scottish Public Pensions Agency, the Pensions Regulator, Scheme Auditors, Scheme Advisory Board and Trade Unions.

## 5. Communication Methods

### • Fund Website

With flexible and hybrid working now established, we wish to make our information accessible 24 hours per day through our website. As a convenient and efficient means of communication, it will provide both public and secure areas for employers and members to access.

The website will display:

- All scheme policies
- Scheme booklets
- Contact details
- Forms for both employees and employers
- Latest news
- A link to Pensions Committee and Local Pension Board minutes
- Links to other useful sites
- Link to our Member Self Service Portal

The website address is: <https://www.taysidepensionfund.org/>

- **General Communications**

Tayside Pension Fund uses e mail as preferred method to send and receive general correspondence, but if not possible please direct surface mail to our postal address below surface and e mail to send and receive general correspondence.

- **E mail** - enquiries should be addressed directly to [pensions@dundeecity.gov.uk](mailto:pensions@dundeecity.gov.uk)
- **Telephone Communications** – Our Contact Centre number is (01382) 307900. This information is also available on the website and is contained in all outgoing correspondence. Our business hours are 8.30am – 5.00pm Monday , Tuesday, Thursday and Friday, and 9.30am – 5pm on a Wednesday.
- **Postal Address - Tayside Pension Fund**  
**Floor 1, Dundee House**  
**50 North Lindsay Street**  
**DUNDEE, DD1 1EQ**
- **Personal appointments** - By prior arrangement at Dundee House.

## 6. Communication Methods by Stakeholder (in addition to general communication requirements)

- **Active Members**

We have over 18,800 members currently contributing to the scheme. This membership spans a wide range of ages, occupations and salaries. In order to meet their communications needs we use a mix of generic and targeted approaches as well as one-to-one meetings. The Fund also provides an online Pension Portal which allows the member and Fund to communicate directly and securely, Communication issued to members include:

- On joining the pension scheme members will be issued with a welcome pack which will include
  - Welcome Letter including details of the Fund's website: <https://www.taysidepensionfund.org/>
  - Member Self Service Activation Key for the online self-service portal
- Scheme Guide – Available on the Fund website
- Annual Benefit Statement - Personalised statement of each member's pension benefits to the 31<sup>st</sup> March and also their Normal Pension Age.
- On request, provision of communications in alternative formats including translation, braille, large print documents or audio.
- E mail and Pension Portal use wherever possible, however, postal communication is available.
- Links from the website to other useful sites including [www.scotlgpsmember.org](http://www.scotlgpsmember.org)

- **Deferred Members**

There are over 11,900 members with deferred benefits in the scheme but whose pension we are managing until it becomes payable. These include members who have moved to a non-participating employer and others who remain with a scheme employer but have stopped contributing themselves.

In order to meet their communications needs we use the same mix of generic and targeted approaches as that for members who are currently active in the fund. Deferred members will also have access to the online Pension Portal. Deferred members receive revised benefit statements on an annual basis.

- **Pensioners and Dependents**

There are over 20,000 pensioner members including dependents. Again, their needs are met by the same approach as that for active and deferred members, but in addition they also receive annual P60 statement, and payslips for monthly pension changes of over £10 in value.

- **Representatives of Members**

Members of Tayside Pension Fund are represented on the Pensions Board by the following trade union: GMB, Unison and Unite.

- **Prospective Members**

We work with employers to promote the benefits of scheme membership to new employees or those employees who have previously opted out through promotional material, and access to the website.

- **Scheme Employers**

- Website providing general fund information
- Leaflets and forms available for download via website
- Dedicated professional support and guidance
- Annual Pension Fund Employer Forum
- Pension Administration Strategy including service standards and performance measurement against these standards
- Updates on scheme regulation changes as applicable
- Technical and procedure training on demand
- Consultations on changes to the Scheme
- Employee presentations on request

- **Pension Board and Committee**

The Fund will work closely with the members of the Pension Committee and Board to ensure that they can fulfil their duties and responsibilities, including the provision of dedicated training. Minutes of the meetings of the Committee and Board are available on the Fund and Council website.

- **Pension Fund Staff**

The Fund provides staff with relevant training in order to undertake their roles and provides access to information in order to ensure that they have the required knowledge to ensure that they can fulfil their duties. Communication methods include process guidance notes, team meetings and both face to face and online training sessions (both internal and external).

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**REPORT TO: PENSION SUB-COMMITTEE OF THE CITY GOVERNANCE COMMITTEE & PENSION BOARD– 23 MARCH 2026**

**REPORT ON: TAYSIDE PENSION FUND BUSINESS PLAN 2026/2027**

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

**REPORT NO: 84-2026**

**1 PURPOSE OF REPORT**

This report introduces the annual business plan for the Tayside Pension Fund.

**2 RECOMMENDATION**

The Sub-Committee are asked to note the information within the report and to approve the 2026/2027 Business Plan which applies to the administration and management of the Tayside Pension Fund. There are no major changes to the plan.

**3 FINANCIAL IMPLICATIONS**

None.

**4 INTRODUCTION**

The "CIPFA Pension Panel Principles for Investment Decision Making and Disclosure in the Local Government Pension Scheme in the United Kingdom". A Guide to the Application of the Myners Principles (December 2009) suggests that as one of the means of achieving effective decision making an annual business plan for the pension fund should be prepared and submitted.

This business plan is prepared for the Pension Fund which is over and above an individual Service Plan for the Financial Services section as part of Corporate Service's overall planning process. It sets the strategic direction, governance priorities, and operational programme of work for a pension fund. It ensures the fund is managed efficiently, complies with regulation, and delivers good outcomes for members.

**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**

**13 MARCH 2026**

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**BUSINESS PLAN**

**2026-2027**

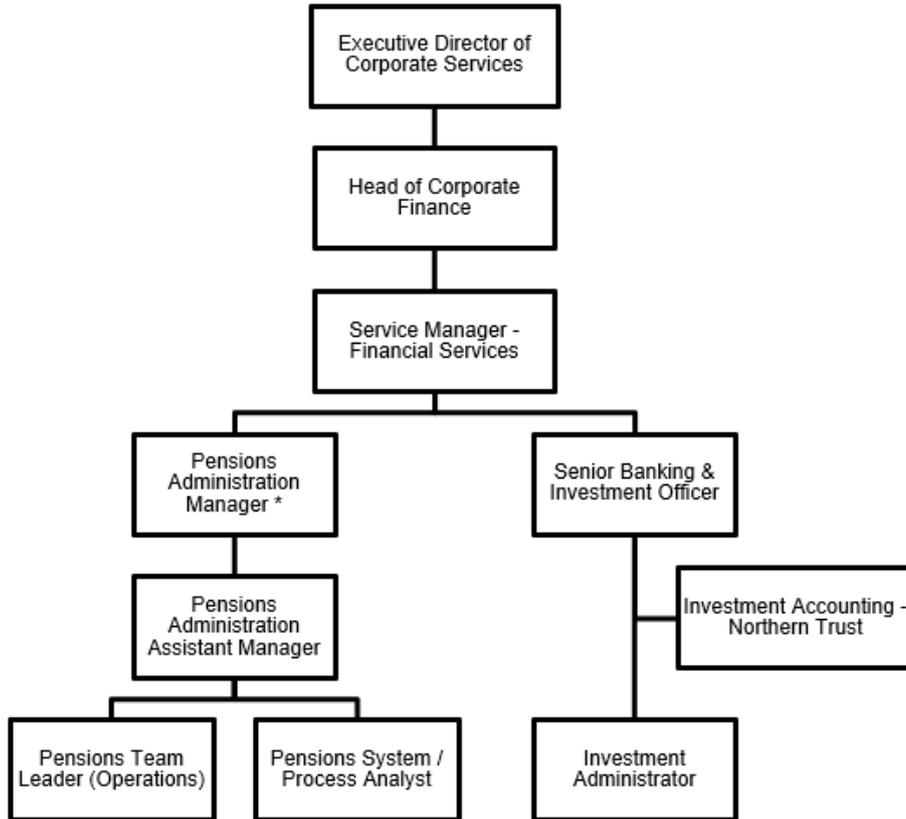
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1 INTRODUCTION

In order to comply with "CIPFA Pension Panel Principles for Investment Decision Making and Disclosure in the Local Government Pension Scheme" Principle 1 - Effective Decision Making it is necessary that an annual business plan is prepared for the Funds. This document together with the Statement of Investment Principles will set out the investment philosophy and priorities for the Funds.

2 STRUCTURE

The Pension Fund management structure lies within Financial Services as part of Dundee City Council's Corporate Finance function; the structure is detailed below -



\* Pension Administration Manager post is currently vacant and being covered by three postholders, namely Assistant Manager, Team Leader (Operations) and System / Process Analyst.

An analysis of the Fund's management costs can be found in Appendix 1.

The Fund are facing an increasing number of new additional legislative and governance requirements in the future. This, coupled with recommendations of Internal Audits, have highlighted that there is a requirement to review the structure, roles and resources of the Fund to ensure that the Fund can meet these new challenges. During 2025/26, a comprehensive structure review was undertaken by an independent advisor, with implementation of agreed recommendations commencing during 2026/27.

3 INVESTMENT

As stated in the Statement of Investment Principles (SIP) the objective of the Fund is to be 100% funded and to that end individual performance targets are set for each manager. These are stated in the SIP. However, these targets can only influence the asset side of the valuation, and the liability side also affects the funding level. This is considered more fully in the Funding Strategy Statement (FSS).

Following the outcome of the 2023 actuarial valuation, a review of the Fund's investment strategy took place and was approved in December 2024, with any recommendations actioned when market conditions favour. The Fund has completed transitioning assets for existing equity indexes to ESG alternatives along with reallocation between active equity mandates. The main focus in 2026/27 is to appoint a fund manager for the opportunistic mandate (5% allocation to alternative assets), anticipated

in June 2026, and a procurement exercise will be undertaken to appoint a replacement manager for the property mandate, currently managed by Schroders.

#### 4 **FINANCIAL POSITION**

The value of the Fund was approximately £6,308.7m as at 31 December 2025. Audited accounts for the year to 31 March 2025 are shown in Appendix 2. It is possible that investment manager fees will be subject to increase due to their linkage with the value of funds under management.

Most employer contribution rates are 15.7% of payroll for the 3-year period from 2024/25 to 2026/27. There are three employers who pay higher contribution rates due to this scheme being closed to new entrants.

In respect of Fund outflows, it is possible that lump sum benefit payments may increase as some employers in the scheme continue to offer Early Retirement schemes.

#### 5 **PERFORMANCE MANAGEMENT**

Investment Performance Measurement will continue to be provided by Northern Trust, the Fund's custodian.

Investment and administration costs will continue to be benchmarked against national performance indicators and against information collated by the LGPS Scotland Investment & Governance Group.

The Fund's performance will also be subject to periodic review by both internal and external audit.

#### 6 **INTERNAL AUDIT**

PricewaterhouseCoopers (PwC) are the Fund's Internal Auditors. During 2025/26, audits were planned for Member Data Quality, GDPR, Risk Framework and McCloud Post Implementation. Management have responded to the recommendations, which will be implemented during 2026/27.

Fund officers are currently undertaking a procurement exercise to appoint an Internal Auditor. As with previous Internal Auditor appointments there will be four areas identified for review each financial year.

#### 7 **ACTUARIAL SERVICES**

These have been provided from 1 July 2004 by Barnett Waddingham. The procurement exercise to appoint an actuarial advisor will begin in December 2026 following the conclusion on 2026 triennial valuation of the Fund.

#### 8 **INVESTMENT CONSULTANCY**

Investment advice is currently provided by Isio Ltd (formerly KPMG). Isio have provided services to the Fund since 2018 with current contract due to expire on 30 June 2026. They provide an annual report to the sub-committee each March (covering the managers and fund performance for the previous full calendar year) and aim to attend quarterly meetings with fund managers and provide regular advice to Council Officers. During 2026/27 Isio will be assisting with implementation of the investment strategy recommendation, including the appointment of a new fund manager for the opportunistic private markets mandate.

#### 9 **FUNDING STRATEGY STATEMENT**

This is produced annually following consultation with the actuary and employers. The funding strategy has been subject to revision following the 2023 valuation to specifically accommodate changes in employer status, and cessation valuation criteria.

#### 10 **KEY MEASURES AND TARGETS**

These are summarised in Appendix 3.

#### 11 **ADMINISTRATION**

## Online employer and member services

- I-Connect - The I-Connect online portal provides employers with a secure and efficient method for submitting the essential information required by the fund, ensuring accurate and up to date member records.

For 2026/27, the objective is to build on the progress made with employers by further improving efficiency and ensuring full compliance with monthly return submissions across all employers. Engagement continues with a small number of employers who are experiencing difficulties, and work is ongoing to support them in resolving these issues.

- Pension Portal (Engage) - The new Pension Portal was launched to members in October 2025 and provides enhanced security through the introduction of SMS Multi Factor Authentication. In addition, the updated layout and extended functionality offer members a more user-friendly experience.

The new system was promoted to members via our website, and an email was issued to previously registered users inviting them to re-register. Further promotion will continue throughout the year by directing members to use the portal when requesting benefit projections or updating their personal details. Additional communication will be issued to members to prompt registration to view their Annual Benefit Statements, which will be available by the 31<sup>st</sup> August 2026.

## McCloud / Sargeant Judgement

The Local Government Regulation were laid on the 1st October 2023. Tayside Pension Fund will continue to work with employers to reconcile 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.

Business-as-usual casework commenced on the 1<sup>st</sup> November 2025, ensuring all current calculations incorporate the McCloud underpin check as part of day-to-day processing. Retrospective work began in December 2025, where employer data has been successfully reconciled. The recalculation of member benefits if an underpin has been identified commenced at the start of 2026 and will be ongoing.

Software updates are still outstanding in some areas, and these will be implemented when available by the software provider.

Updates will continue to be provided to the Sub Committee in the quarterly administration report.

## Pensions Dashboard

Pensions Dashboards are a digital service such as apps, tools or websites, which savers will be able to use to see their pension information in one place. The dashboard can be used to search records of all pension schemes to confirm whether they are a member. Dashboards aim to help members plan for their retirement and locate any lost pension pots.

On 31<sup>st</sup> October 2025 Tayside Pension Fund completed connection to the Pensions Dashboard architecture after a period of UAT. This means that upon launch of the Pensions Dashboards which is expected in October 2026, our members will be able to register to search for their pensions rights they currently hold within the fund.

Tayside Pension Fund continue to prepare for the public launch by reviewing data quality and ensuring staff readiness.

Dashboard updates will continue to be provided to the Sub Committee in the quarterly administration report.

## Resource and Structure Review

A review of the Fund's staffing structure and resources is being taken forward following a review by Hymans Robertson; to ensure Tayside Pension Fund operating model is aligned with current and emerging operational, governance, and regulatory demands.

The aim is to ensure the Fund is sustainably resourced and positioned for long-term service resilience. Hymans completed their assessment and shared initial high-level findings across three key areas:

- resourcing and recruitment, where capacity gaps and key-person risks have been identified;
- operational structure, where opportunities exist to strengthen team organisation, role clarity, and performance management; and
- governance and oversight, where enhancements to risk management, policy documentation, and internal control frameworks have been recommended.

Planning for phased implementation is now underway.

### **Changes to the Local Government Pension Scheme (Scotland) Regulations 2018**

In September 2025 the Scottish Government consulted on amendments to the Local Government Pension Scheme (Scotland) Regulations proposing a series of significant regulatory updates. The proposals include several different areas including the removal of the age-75 limit for death grant payments, gender pension gap, and updates linked to the ongoing implementation of the McCloud remedy. These regulatory changes will require updates to the Fund's policies, administrative processes, and communication materials to ensure compliance.

## 12 **TREASURY MANAGEMENT**

Dundee City Council provides a treasury management service for the Pension Fund, these costs are incorporated within a service level agreement with the administered authority.

**Three Year Analysis of Tayside Pension Funds Costs**

	2024/25 Actual £000	2025/26 Estimate £'000	2026/27 Budget £'000
<b>Administrative costs *</b>			
DCC Management charge	1,604	1,650	1,700
System costs	335	385	340
Audit fees	75	98	130
Actuary	13	25	50
Legal	29	70	50
Outsourcing	-	127	-
Other expenses	41	30	30
	<b>2,097</b>	<b>2,385</b>	<b>2,300</b>
<b>Oversight and Governance costs **</b>	<b>108</b>	<b>113</b>	<b>120</b>
<b>Investment Management expenses</b>			
Management fees	9,911	10,050	10,300
Transactions costs	959	1,225	1,200
Custody fees	77	80	85
Performance monitoring service	28	30	32
Investment consultancy	99	130	135
	<b>11,074</b>	<b>11,515</b>	<b>11,752</b>
<b>Total</b>	<b>13,279</b>	<b>14,013</b>	<b>14,172</b>

\* Administration costs are a combination of direct and indirect costs. Indirect costs, those borne by Dundee City Council, are a management charge for services provided by the administering authority. Direct costs include pension administration system, administration consultancy, audit fee, actuary, training and other fund expenses.

\*\* Oversight and Governance costs relate to support costs incurred by the administering authority, namely Corporate and Democratic Core.

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**TAYSIDE PENSION FUND - FUND ACCOUNT**

<b>2023/2024</b>		<b>2024/25</b>
<b>£000</b>		<b>£000</b>
	<b>Dealings with Members, Employers and other directly involved in the fund</b>	
91,564	Employers' contributions	89,674
32,200	Employees' contributions	33,317
8,008	Transfers in from other pension funds	7,334
<hr/> 131,772		<hr/> 130,335
(153,535)	Benefits	(177,919)
(4,676)	Payments to and on account of leavers	(45,066)
<hr/> (158,211)		<hr/> (222,985)
(26,439)	Net Withdrawals from dealings with members	(92,650)
(2,339)	Administration Expenses	(2,205)
<hr/> (28,778)	<b>Net Withdrawals from dealings with Members including Administration Expenses</b>	<hr/> (94,855)
	<b>Returns on Investments</b>	
82,981	Investment Income	74,138
615,692	Change in Market Value of Investments	104,195
(10,422)	Investment Management Expenses	(11,074)
<hr/> 688,251	<b>Net Returns on Investments</b>	<hr/> 167,259
 <b>659,473</b>	<b>Net increase in Fund during the year</b>	 <b>72,404</b>
 <b>4,834,052</b>	<b>Opening Net Assets of the scheme</b>	 <b>5,493,525</b>
 <b>5,493,525</b>	<b>Closing Net Assets of the scheme</b>	 <b>5,565,929</b>

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

<b>2023/24</b> £000		<b>2024/25</b> £000
5,479,300	Investment Assets	5,663,283
<u>(5,423)</u>	Investment Liabilities	<u>(108,340)</u>
<b>5,473,877</b>	<b>Total Net Investments</b>	<b>5,554,943</b>
25,533	Current Assets	16,990
<u>5,499,410</u>		<u>5,571,933</u>
<u>(5,885)</u>	Current Liabilities	<u>(6,004)</u>
5,493,525	Net assets of the fund available to fund benefits at the end of the reporting period	5,565,929

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

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

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

**KEY MEASURES AND TARGETS**

	2020/21 Actual	2021/22 Actual	2022/23 Actual	2023/24 Actual	2024/25 Actual
<b>1 Pension Fund Administration</b>					
(i) Cost per member	£28.67	£34.63	£31.64	£38.60	£35.92
<b>2 Pension Fund Investment</b>					
(i) Annual Investment performance relative to benchmark	+8.13%	-5.87%	-1.26%	+1.45%	-1.95%
(ii) Funding level of Pension Fund	109%**	109%**	110%**	110%**	110%**

\*\* does not include 10% volatility reserve.

### 3 Investment Managers – Performance Targets

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%	n/a
Northern Trust	Securities Lending	Circa 70%	N/A	0.026% pa

#### 4 Target Future Asset Allocation

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

# Tayside Pension Fund

Investment Monitoring Report  
Quarter to 31 December 2025

Investment Advisory

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# Executive summary

No action  
proposed 

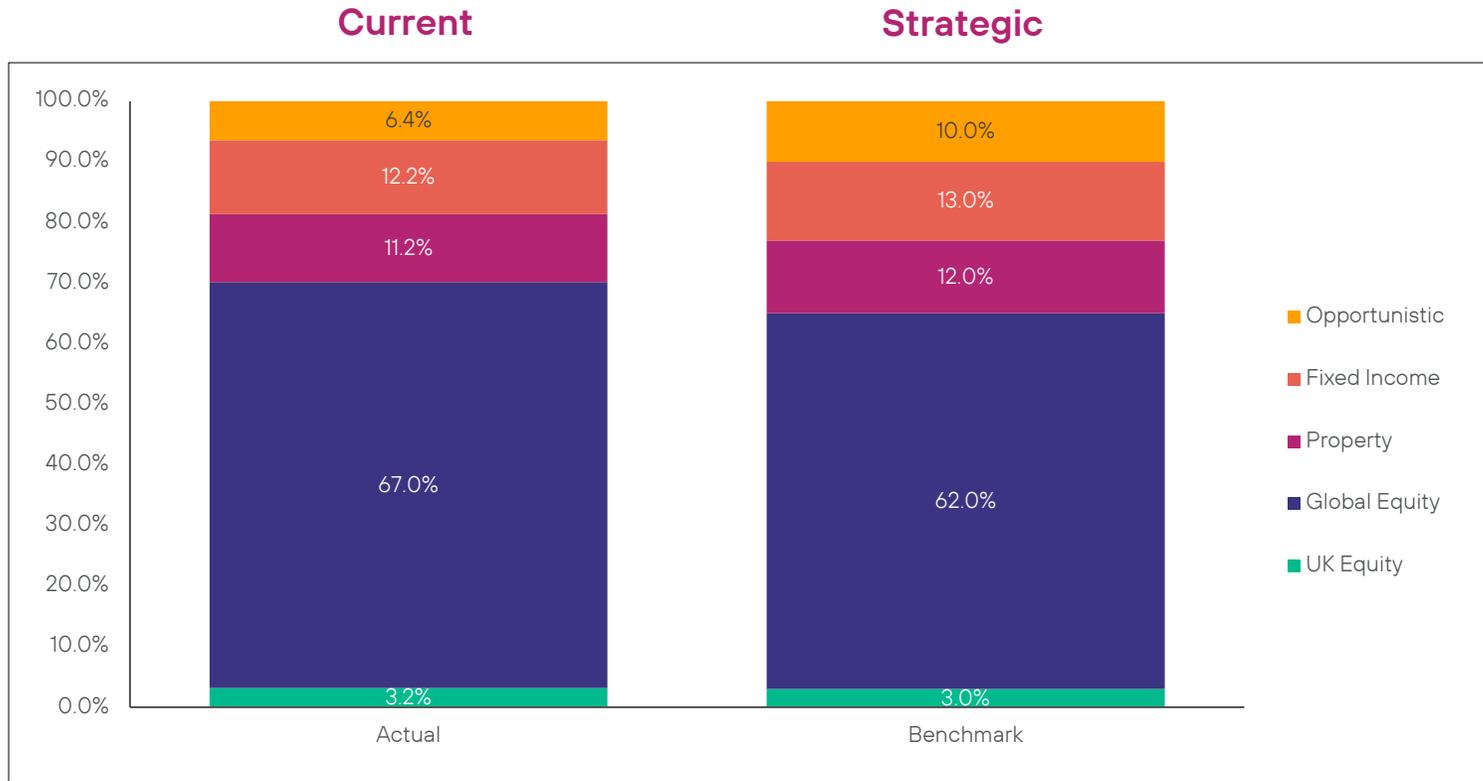
Action ongoing  
Or issues to flag 

**149**  
New action  
proposed 

Section	Commentary	Status
<p> <b>Asset Allocation</b></p>	<p>The Fund's assets remained off benchmark at the end of the quarter, with the opportunistic portfolio notably strategically underweight. The procurement exercise to select a manager for the remaining mandate is ongoing, with the activity expected to be completed in June 2026.</p> <p>The Fund completed the remaining stage of the equity portfolio restructure over the quarter, following the equity portfolio review carried out over Q2 2025. This activity saw the restructure of the UK and Global mandates with Baillie Gifford, with the UK mandate allocation reducing to 3% of Fund assets, and proceeds being invested in the Global mandate. Additionally, the final tranche of the L&amp;G equity strategy switch was completed in November, with the remaining c.50% of the portfolio in the All-World Equity Index Fund being transitioned to the Future World Global Equity Index Fund.</p>	
<p> <b>Performance</b></p>	<p>The Fund's assets delivered a positive absolute return of 2.2% over the quarter, underperforming the Fund's composite objective by 0.8%, driven by underperformance from the Baillie Gifford equity mandates.</p> <p>Over the longer term, performance is also behind objective – 3-year performance has trailed the objective by 0.3%, whereas 5-year performance has lagged by 1.6%. Similar to recent underperformance, the main driver has been the Baillie Gifford equity mandates.</p> <p>Discussions relating to the continued underperformance of the Baillie Gifford mandates are ongoing, with the Fund Officers and Isio currently assessing the wider options available.</p>	

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# Asset allocation



Source: Northern Trust and Isio calculations

**Expected Return**      **9.1%**

**9.1%**

p.a.

The asset allocation is currently misaligned to the strategic benchmark as the procurement exercise for the remaining opportunistic mandate is ongoing.

Over the quarter, the UK Equity allocation moved in line with target, following an internal switch of funds between the Baillie Gifford portfolios. This activity was in line with the decision made as part of the equity portfolio review in Q2 2025.

## Control Ranges

Asset class	Current	Strategic	Relative
UK Equity	3.2%	3.0%	+0.2%
Global Equity	67.0%	62.0%	+5.0%
Property	11.2%	12.0%	-0.8%
Fixed Income	12.2%	13.0%	-0.8%
Opportunistic	6.4%	10.0%	-3.6%



# Looking forward

Status Key ● Action ● Decision ● Discussion ● Information only

Item	Action	Status
Overall Investment Strategy	<p><b>Ongoing Changes to the Investment Strategy</b></p> <p><i>Baillie Gifford Equity Portfolio – Wider restructuring</i></p> <ul style="list-style-type: none"> <li>As part of the equity portfolio review carried out over Q2 2025, the Committee agreed to restructure the Fund’s holdings with Baillie Gifford. These changes involved terminating the Positive Change mandate and reducing the exposure to the UK mandate in favour of the Global mandate. Overall exposure to Baillie Gifford was to remain unchanged at 20% of Fund assets.</li> <li>The termination of the Positive Change mandate was completed over Q3 2025, with the proceeds being used to meet the Fund’s ongoing cashflow requirements.</li> <li>Over the quarter, the remaining stage of the restructure was completed, reducing the allocation in the UK mandate to 3% of assets, with the proceeds being invested in the Global mandate.</li> </ul>	●
	<p><i>L&amp;G Global Passive Equity – Switch to Future World strategy</i></p> <ul style="list-style-type: none"> <li>As part of the investment strategy review carried out in 2021, the Committee agreed to implement a phased switch of the passive equity portfolio from the L&amp;G All World Equity Index Fund to the L&amp;G Future World Global Equity Index Fund to improve the ESG characteristics of the portfolio.</li> <li>The Fund completed the final phase of the transition in November 2025, transitioning the remaining assets from the All World strategy (c.50% of the total L&amp;G passive equity allocation) to the Future World strategy.</li> </ul>	●
	<p><i>Opportunistic portfolio – ongoing procurement exercise</i></p> <ul style="list-style-type: none"> <li>The public procurement exercise to select a manager to manage the remaining opportunistic allocation within the portfolio is ongoing. The Officers, along with their investment and legal advisors, are progressing with the selection and have completed the first stage of the procurement.</li> <li>The Evaluation Panel have agreed a shortlist of managers to take forward to Stage 2 (the tender stage of the process) with the expectation that the full procurement will be completed by Q2 2026. An update on the process will be provided to the Committee at the March Committee meeting.</li> </ul>	●

# Looking forward (cont.)

Status Key ● Action ● Decision ● Discussion ● Information only

Item	Action	Status
Overall Investment Strategy	<p><b><i>Partners Group Partners Fund – extension to short-term investment</i></b></p> <ul style="list-style-type: none"> <li>The Fund implemented a short-term investment of £100m in the Partners Fund with Partners Group earlier in the year. The rationale for this investment was to reduce the significant overweight position in public equities and better align the asset allocation with the agreed strategic benchmark while a manager for the remaining opportunistic mandate was selected.</li> <li>The original intention was to instruct a redemption in December 2025, allowing proceeds to be received in March 2026 for onward investment in the new opportunistic mandate. As the procurement exercise is not expected to be completed until June 2026, Partners Group confirmed there is flexibility to extend the short-term investment to better align with the revised timescales. A proposal was put forward to Isio and the Officers which would extend the holding period to May – July 2026. The Officers reviewed and accepted the proposal to extend the short-term investment.</li> <li>Post-quarter end, the Officers, following discussion with Isio, pushed back the first disinvestment instruction to extend the holding period to align more closely with the expected timescale for completion of the opportunistic portfolio procurement exercise.</li> </ul> <p><b><i>Schroders Property portfolio - ongoing manager concerns</i></b></p> <ul style="list-style-type: none"> <li>Following changes in the Schroders' portfolio management team and concerns raised around the future management of the Fund's property mandate, the Fund instructed a pause on the investment of cash within its mandate in May 2025, while Isio carried out a due diligence review of Schroders and their real estate business.</li> <li>Isio's review was shared with the Council Officers in June 2025, identifying some recommended actions the Council could take for the mandate moving forward. Following discussion of the review with the Officers, Isio was instructed to explore the options available for transitioning some, or all, of the existing assets away from Schroders.</li> <li>The recommendation to terminate the relationship with Schroders and move the property portfolio to a new manager was put forward to the Committee at the meeting in November 2025. The Committee agreed to the proposal and a public procurement exercise to select a suitable replacement manager will be carried out in 2026, following completion of the ongoing opportunistic portfolio procurement.</li> </ul>	<p>●</p> <p>●</p>

# Looking forward (cont.)

Status Key ● Action ● Decision ● Discussion ● Information only

Item	Action	Status
Overall Investment Strategy	<p><b>Schroders Property portfolio - Capital Real Estate Fund Suspension</b></p> <ul style="list-style-type: none"> <li>• Post-quarter end, in January 2026, Isio met with Schroders following the announcement that they had implemented a fund suspension for the Schroders Capital Real Estate Fund, an underlying pooled fund the Fund has exposure to through the Schroders property mandate. As at 31 December 2025, the Fund's exposure was c.£39.6m. The manager had previously submitted two redemption requests for the Fund's full exposure, however, only a partial repayment has been made to the Fund to date, as the fund was in deferral.</li> <li>• The Capital Real Estate Fund faces a very large redemption queue (c.55% of NAV, potentially rising to 65–70%) and it is expected that the fund would have been unable to meet its upcoming April 2026 payouts, at which time, a fund suspension would have been triggered. Schroders implemented a suspension ahead of this deadline with the intention that the period is temporary and will provide capital stability, the opportunity to raise cash and to evaluate strategic options for the fund. If there is no viable option to improve liquidity, the fund will likely proceed with a managed wind down and sale of all assets, which could take anywhere from 3–5 years.</li> <li>• Isio continues to engage with Schroders and have reached out to speak with them directly regarding their views on the suspended fund. We expect to receive updates on the suspension regularly from Schroders and an update on the outcome of the consultation period to be able to advise on next steps.</li> </ul>	●

# Recent manager performance – 31 Dec 2025

Key 155  

 Discussion points

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	Start Quarter Value		End Quarter Value		Cashflow	3-month performance			12-month performance		
	£m	%	£m	%	£m	Fund	Objective	Relative	Fund	Objective	Relative
Baillie Gifford UK Equity	£389.0m	6.3%	£200.6m	3.2%	(£194.3m)	2.2%	6.4%	-4.0%	14.6%	24.0%	-7.6%
Baillie Gifford Global Equity	£832.1m	13.5%	£1,016.2m	16.1%	£194.3m	-1.4%	3.5%	-4.7%	10.3%	14.4%	-3.6%
Fidelity Global Equity	£1,421.0m	23.0%	£1,475.6m	23.4%	-	3.9%	3.4%	+0.5%	19.7%	13.9%	+5.1%
L&G Global Equity	£1,673.2m	27.1%	£1,732.2m	27.5%	-	3.5%	3.6%	-0.0%	14.8%	15.1%	-0.3%
Schroders Property	£704.3m	11.4%	£707.9m	11.2%	-	0.5%	0.8%	-0.3%	3.8%	5.1%	-1.2%
Fidelity Bonds	£384.0m	6.2%	£395.4m	6.3%	-	3.2%	3.0%	+0.2%	6.5%	5.1%	+1.3%
L&G Buy and Maintain	£254.9m	4.1%	£261.0m	4.1%	-	2.4%	2.6%	-0.2%	6.7%	6.9%	-0.2%
Apollo Multi Asset Credit Replacement Fund <sup>1</sup>	£112.3m	1.8%	£113.1m	1.8%	-	0.7%	1.9%	-1.2%	7.2%	7.9%	-0.6%
Partners Group Partners Fund	£397.8m	6.4%	£403.4m	6.4%	-	1.4%	1.5%	-0.1%	6.0%	6.0%	+0.0%
GSAM Real Estate Debt	£3.2m	0.1%	£3.3m	0.1%	-	3.1%	2.7%	+0.5%	1.1%	12.3%	-10.0%
<b>Total Fund</b>	<b>£6,171.7m</b>	<b>100%</b>	<b>£6,308.7m</b>	<b>100%</b>	<b>(£0.0m)</b>	<b>2.2%</b>	<b>3.0%</b>	<b>-0.8%</b>	<b>12.2%</b>	<b>12.4%</b>	<b>-0.2%</b>

Notes: Total Fund value excludes Fund Bank Account. Totals may not sum due to rounding. Returns are gross of fees. The benchmark for total invested assets is based on the Fund's composite benchmark. <sup>1</sup>Apollo renamed the Total Return Fund to the Multi Asset Credit Replacement Fund over the period.

Source: Northern Trust. Isio calcs.

# Long-term performance – 31 Dec 2025

	3-year performance			5-year performance		
	Fund	Objective	Relative	Fund	Objective	Relative
Baillie Gifford UK Equity	10.7%	13.6%	-2.6%	6.1%	11.7%	-5.0%
Baillie Gifford Global Equity	12.6%	16.8%	-3.6%	4.6%	12.1%	-6.7%
Fidelity Global Equity	16.8%	16.2%	+0.5%	10.8%	11.6%	-0.6%
L&G Global Equity	16.7%	17.0%	-0.2%	12.0%	12.2%	-0.2%
Schroders Property	2.9%	3.0%	-0.1%	3.5%	3.3%	+0.2%
Fidelity Bonds	5.1%	3.1%	+1.9%	-2.1%	-3.7%	+1.6%
L&G Buy and Maintain <sup>1</sup>	n/a	n/a	n/a	n/a	n/a	n/a
Apollo Multi Asset Credit Replacement Fund <sup>1</sup>	n/a	n/a	n/a	n/a	n/a	n/a
Partners Group Partners Fund <sup>1</sup>	n/a	n/a	n/a	n/a	n/a	n/a
GSAM Real Estate Debt	6.1%	12.3%	-5.5%	12.5%	14.1%	-1.4%
<b>Total Fund</b>	<b>12.2%</b>	<b>12.5%</b>	<b>-0.3%</b>	<b>7.1%</b>	<b>8.8%</b>	<b>-1.6%</b>

Notes: Totals may not sum due to rounding. Returns are gross of fees. The benchmark for total invested assets is based on the Fund's composite benchmark. <sup>1</sup>Longer term performance unavailable due to date of investment in the Fund.  
 Source: Northern Trust. Isio calcs.

# Performance and managers

Key updates / notes	
Baillie Gifford UK Equity	Andrew Telfer, current CEO at Baillie Gifford, announced his retirement to take effect from March 2025. Tim Campbell, whose previous role was Chair of the Group Risk Committee, has replaced Telfer as CEO. Campbell has been with Baillie Gifford for 25 years and has been a partner for 12 of these.
Baillie Gifford Global Equity	Discussions relating to the continued underperformance of the mandates are ongoing, with the Fund Officers and Isio currently assessing the wider options available.
Fidelity Global Equity	<p>The Fidelity portfolio management team has seen significant change over the last c. 18 months, with the retirement of Jeremy Podger from the active portfolio in March 2024. We have been comforted by the fact Jeremy was closely involved in selecting the successors for his role and has since maintained an active involvement in Fidelity, as well as the mandate's performance to date under Christine and Tom's short tenure. However, we would continue to suggest the Council monitor performance closely over the short-term.</p> <p>Over the quarter, the Fund negotiated a reduced management fee for the mandate. This saw the AMC reduce from 26.5bps to 23bps p.a.</p>
L&G Global Equity	<p>The remaining allocation in the All World Equity Index Fund (c. 50% of L&amp;G equity portfolio) was transitioned to the Future World Equity Index Fund in November 2025, in line with equity portfolio review carried out over Q2.</p> <p>Over the last few months, L&amp;G have announced several senior personnel changes at the firm. We have reviewed the developments within L&amp;G and believe they retain sufficient resources and expertise for investment outcomes and client service to be unaffected by the turnover. As such, we have maintained our "Meets Criteria" rating on the mandate.</p>
Schroders Property	<p><u>Ongoing manager concerns:</u> Following changes in Schroders' portfolio management team and concerns raised around the future management of the Fund's property mandate, the Fund paused the investment of cash in the portfolio effective May 2025 while Isio carried out a due diligence review of Schroders and their wider real estate business. At the Q4 Committee meeting, following completion of the review, the Committee agreed to terminate the investment with Schroders and conduct a procurement exercise to select a replacement manager to manage the property portfolio. The procurement exercise is expected to be carried out in 2026 following the completion of the ongoing opportunistic procurement.</p> <p><u>Capital Real Estate Fund suspension:</u> Post quarter end, Isio met with Schroders to discuss the fund suspension on the Schroders Capital Real Estate Fund, an underlying pooled fund the Fund has exposure to through their mandate. Schroders had earlier submitted two redemption notices for the Fund's full exposure in the mandate (c.£39.5m) however to date have only received a partial repayment, with the fund being in deferral. The suspension is intended to be temporary to allow the fund to stabilise capital, raise cash and evaluate strategic options for the fund. If there is no viable option, the fund will likely proceed with a managed wind-down and sale of all assets, which could take anywhere from 3-5 years. Isio are continuing to engage with Schroders and have reached out to speak to them directly about their views on the suspended fund.</p>

# Performance and managers (cont.)

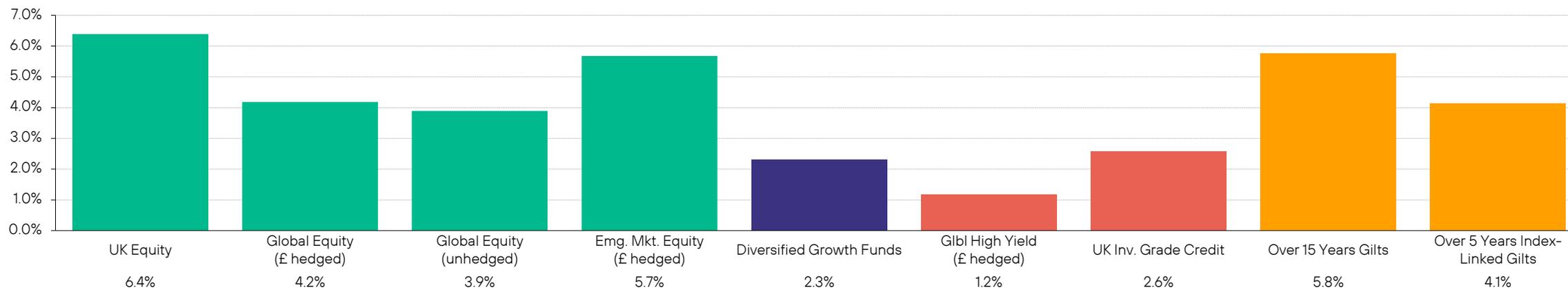
Key updates / notes	
Schroders Property (cont.)	<u>Acquisition by Nuveen</u> : Post-quarter end, in February 2026, it was announced that Schroders are being acquired by Nuveen, a US asset management firm. Isio are engaging directly with both managers to review the development and assess any potential impact on Schroders, the underlying funds the Fund is invested in, and their personnel.
Fidelity Bonds	Over the quarter, the Fund negotiated a reduced management fee for the mandate. This saw the AMC reduce from 20bps to 18bps p.a.
L&G Buy and Maintain	Over the last few months, L&G have announced several senior personnel changes at the firm. We have reviewed the developments within L&G and believe they retain sufficient resources and expertise for investment outcomes and client service to be unaffected by the turnover. As such, we have maintained our "Meets Criteria" rating on the mandate.
Apollo Multi Asset Credit Replacement Fund	<p>Apollo renamed the Total Return Fund over the period. This is a cosmetic change, and we are comfortable there are no changes to the investment philosophy or management of the strategy as a result.</p> <p>Post-quarter end, Apollo announced Joe Moroney, one of the PMs for MACR, will begin a phased retirement. Brian Weinstein will be taking a more active role in managing the fund accordingly. Joe will remain in his current role until 31 December 2026, before taking an advisory / consultancy position for two years thereafter. Whilst Joe is a PM, there is continuity in the broader group that manage the fund and allocate between the sleeves. Apollo's institutional strength also provides stability as sub-asset class heads who build out the sleeves remain in place. We are not proposing a change to the Fund's rating as a result of the announcement.</p>
Partners Group Partners Fund	Partners Group have confirmed there is flexibility with the temporary investment of additional capital in the Partners Fund while the opportunistic procurement is carried out. Instruction for redemption of the short-term investment is now expected to be aligned with the completion of the ongoing procurement exercise and onboarding of the new opportunistic manager.
GSAM Real Estate Debt	Nothing material to note.

# Appendices

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# Market summary – Quarter to December 2025

## Market movements over the quarter



## Key Upcoming Events

### Notable events

- **UK:** Office for Budget Responsibility's economic and fiscal forecast – 3 March 2026.

### Q1 2026 Base rate publications

- **UK:** The dates for the Bank of England's Monetary Policy Committee ("MPC") announcements are 5 February and 19 March
- **US:** The dates for the US Federal Reserve's Federal Open Market Committee ("FOMC") meetings are 27-28 January and 17-18 March.

### Q1 2026 Inflation publications

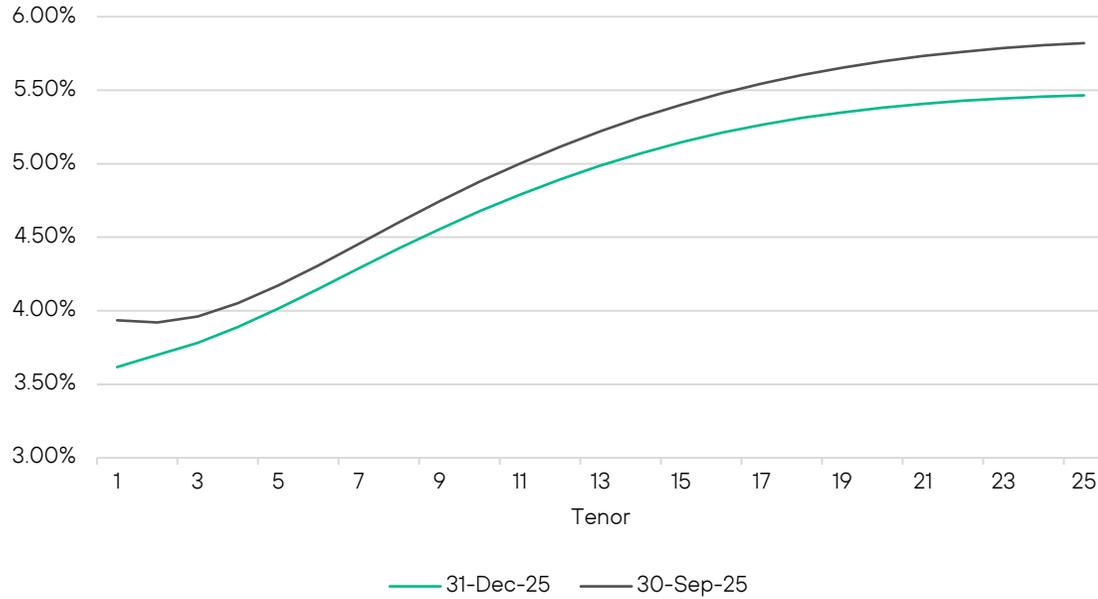
- **UK:** 21 January, 18 February, 25 March
- **US:** 13 January, 11 February, 11 March

## Commentary

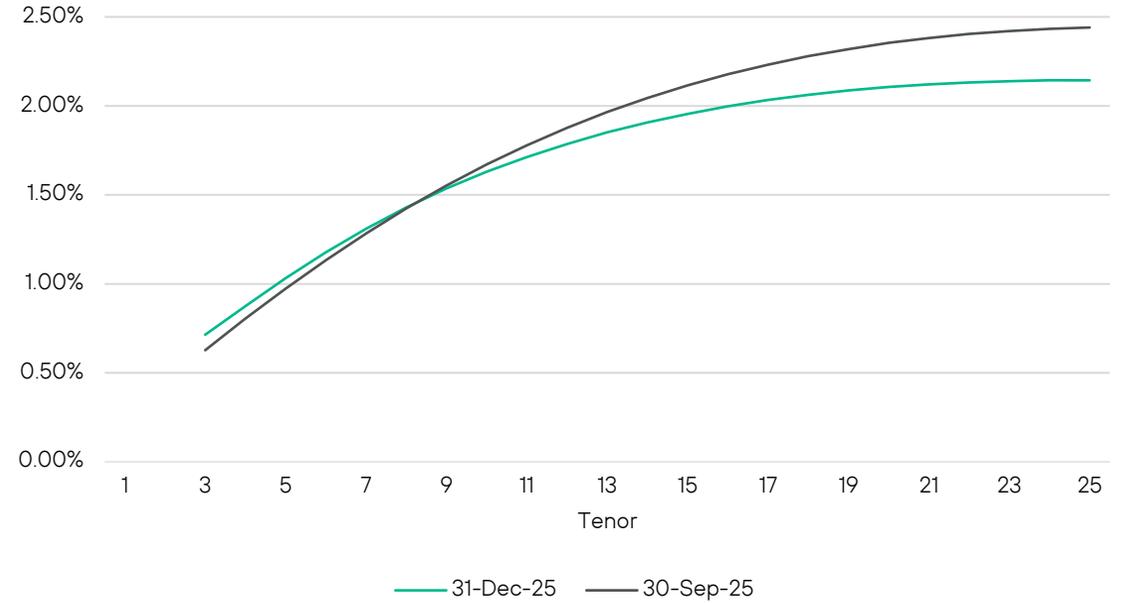
- Global equities maintained positive momentum, underpinned by strong earnings growth and a broadening of sector and regional performance relative to recent history. Despite the longest US government shutdown in history, the country's equities delivered moderate gains; albeit weakness in several of the 'Magnificent 7' helped drive the region's relative underperformance. In contrast, the UK performed well, finishing its best year for more than a decade strongly, as multi-national financials, defence and miners drove returns. Meanwhile, emerging markets outperformed their developed counterparts, notably driven by strong performance from Taiwan and South Korea.
- Despite some divergence between sectors, credit spreads were broadly flat over Q4. As a result, given the falling Gilt yield environment, UK corporate bonds delivered positive returns, with the more interest rate-sensitive bonds outperforming.
- The fall in long-dated UK gilt yields was partially driven by the generally positively-received Budget. This contrasted with US and Japanese government bonds, which saw rises in long-dated yields (with the latter reaching multi-decade highs as the market reacted to a fiscal stimulus package announced by the new Prime Minister).

# Market summary – Gilt yield summary

Nominal gilt yield curve



Real gilt yield curve



**Gilt Yield Changes**

10-year Nominal Gilt Yield

October	-0.30%
November	+0.06%
December	+0.04%
<b>Quarter</b>	<b>-0.20%</b>

**Gilt Yield Changes**

10-year Real Gilt Yield

October	-0.10%
November	-0.01%
December	+0.07%
<b>Quarter</b>	<b>-0.04%</b>

Sources: BoE, Isio calculations.

# Mandate Summary

Fund	Fund Overview	Benchmark	Target/ Objective	Fees (p.a.)
Baillie Gifford UK Equity	The manager's investment approach is a long-term, bottom-up process investing in "growth companies that Baillie Gifford believes will enjoy a sustainable competitive advantage in their specific industries".	FTSE All-Share	Outperform benchmark by 1.5% p.a. (gross of fees)	Tiered fee scale with Fund benefitting from aggregated Baillie Gifford assets
Baillie Gifford Global Equity	The manager's core investment philosophy is to make long-term investments in well managed businesses that enjoy sustainable, competitive advantages and that earnings are a leading indicator prior to share growth. Because of this approach, BG have a defined "Growth" style.	MSCI AC World	Outperform benchmark by 2% to 3% p.a. (gross of fees)	
Fidelity Global Equity Fund	The manager focuses on key three characteristics: Change; Exceptional Value; and Unique Businesses in constructing the portfolio. The portfolio can therefore exhibit value and/or growth characteristics depending on Fidelity's views.	MSCI AC World	Outperform benchmark by 2% p.a. (gross of fees)	0.23% (flat fee)
L&G Future World Global Equity Index Fund	The Future World Global Equity Index provides the Fund with access to global passive equity, with constituent weightings influenced by individual companies ESG scores.	Solactive L&G ESG Global Markets Index	Maximise average ESG score subject to a tracking error of +/- 0.6%	0.0325%
Schroders Property	The mandate is a property multi-manager mandate which invests in Schroders funds and external funds. The strategy invests in Core UK funds, Value-add UK funds and non-UK funds.	100% IPD All Balanced Property Funds Weighted Average Index	Outperform the benchmark by 0.75% p.a. (gross of fees)	Overlay fee 0.2% p.a. on the first £200m of AUM, 0.15% p.a. on assets from £200m to £400m, 0.1% p.a. on assets over £400m

# Mandate Summary

Fund	Fund Overview	Benchmark	Target/ Objective	Fees (p.a.)
Fidelity Bond Fund	The mandate invests in both government and corporate bonds. With effect from 22 November 2016, the benchmark for the strategy is as follows: 72% corporate bonds, 28% index-linked gilts.	72% ML Sterling Non-Gilts Index 28% FTSE Index-Linked Over 5 Year Index	Benchmark plus 0.65% p.a. (gross of fees)	0.18%
L&G Buy & Maintain Fund	The Fund primarily invests in investment grade corporate bonds, as well as various securities bonds and Real Estate Investment Trusts (REITs). L&G uses a combination of top-down thematic analysis and bottom-up fundamental credit analysis.	iBoxx Sterling Non-Gilt Index +0.5% p.a.	Capture the credit risk premium and preserve value in a globally diversified IG portfolio over the course of the credit cycle, avoiding defaults and significant impairments.	0.075%
Apollo Multi Asset Credit Replacement Fund	The Fund largely provides sub-investment grade credit exposure across both traditional liquid fixed income and directly originated private credit. Apollo aim to achieve their investment objective with a diverse opportunity set across global credit markets to manage volatility	SONIA	Outperform the benchmark by 3.5% p.a. (net of fees)	0.65%
Partners Group Partners Fund	The Fund uses a top-down relative value approach, combined with a bottom-up selection process to invest across PG's investment platforms in private equity, private debt, private real estate, private infrastructure and listed alternatives.	6% Absolute Return	8% - 12% p.a.	1.1% p.a. with a performance fee of 12.5% subject to a 6% hurdle.
Goldman Sachs Real Estate Credit Fund	The Fund will look to achieve attractive risk-adjusted returns by building a diversified portfolio of real estate loans secured by high quality assets in key markets.	UK CPI +9.0% p.a.	10% - 13% net IRR	1.125% p.a. with a performance fee of 15% subject to 8% preferred return

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