Dundee City Council
Corporate Services
CHANGING FOR THE FUTURE

City Chambers
DUNDEE
DD1 3BY

21st September, 2026

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

Dear Colleague

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

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

Yours faithfully

GREGORY COLGAN

Chief Executive

AGENDA OF BUSINESS

1. DECLARATION OF INTEREST

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

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

2. APOLOGIES

3. MINUTE OF PREVIOUS MEETING - Page 3

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

4. TAYSIDE PENSION FUND RISK REGISTER - Page 7

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

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

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

6. TAYSIDE PENSION FUND ACCOUNTS 2025/26

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

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

(b) DRAFT AUDITED STATEMENT OF ACCOUNTS 2025/26

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

(c) EXTERNAL AUDITORS ANNUAL REPORT

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

7. BREACHES OF LAW POLICY - Page 31

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

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

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

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

9. TAYSIDE PENSION FUND INVESTMENT MONITORING REPORT

10. BAILLIE GIFFORD – DETAILED EQUITY MANDATE REVIEW

11. SCHRODERS / FGC –OPPORTUNISTIC MANDATE UPDATE

12. SCHRODERS PROPERTY MANDATE - UPDATE

ITEM No …3……….

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

Present:-

PENSION SUB-COMMITTEE

BAILIES

Willie SAWERS	Kevin KEENAN

COUNCILLORS

Jimmy BLACK	Steven ROME Dorothy McHUGH	Michael CRICHTON

PENSION BOARD

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

Bailie Willie SAWERS, Convener in the Chair.

I APOLOGIES

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

II DECLARATION OF INTEREST

No declarations of interest were made.

III MINUTE OF PREVIOUS MEETING

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

IV TAYSIDE PENSION FUNDS RISK REGISTER

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

The Sub-Committee and Board:-

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

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

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

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

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

The Sub-Committee and Board:-

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

VI TAYSIDE PENSION FUND INTERNAL AUDIT ANNUAL REPORT 2025/2026

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

The Sub-Committee and Board:-

(i) noted the content of the annual report.

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

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

The Sub-Committee and Board:-

(i) noted the content of the report.

VIII STATEMENT OF INVESTMENT PRINCIPLES REVIEW

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

The Sub-Committee and Board:-

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

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

IX FUNDING STRATEGY STATEMENT

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

The Sub-Committee and Board:-

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

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

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

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

The Sub-Committee and Board:-

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

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

XI TAYSIDE PENSION FUND ANNUAL REPORT AND ACCOUNTS 2025/2026

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

The Sub-Committee and Board:-

(i) agreed the proposal as detailed.

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

XII TAYSIDE PENSION FUND

(a) INVESTMENT MONITORING REPORT

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

The Sub-Committee and Board:-

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

(b) SECURITIES LENDING

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

The Sub-Committee and Board:-

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

XIII OPPORTUNISTIC MANDATE UPDATE

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

The Sub-Committee and Board:-

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

XIV FUND MANAGER PRESENTATION

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

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

Willie SAWERS, Chair.

ITEM No …4……….

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

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

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

REPORT NO: **213-2026**

1 PURPOSE OF REPORT

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

2 RECOMMENDATIONS

The Sub-Committee is asked to:

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

3 FINANCIAL IMPLICATIONS

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

4 INTRODUCTION

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

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

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

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

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

5 **POLICY IMPLICATIONS**

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

6 **CONSULTATIONS**

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

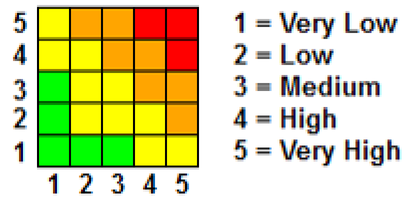
7 **BACKGROUND PAPERS**

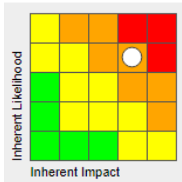
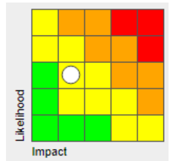
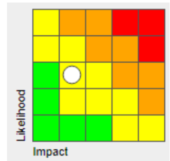
None.

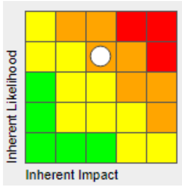
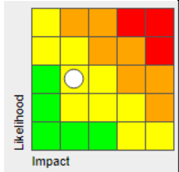
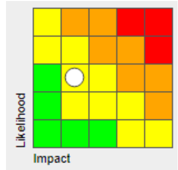
PAUL THOMSON
EXECUTIVE DIRECTOR OF CORPORATE SERVICES **21 SEPTEMBER 2026**

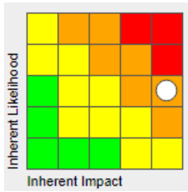
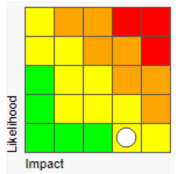
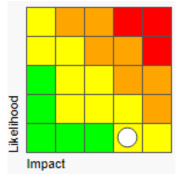
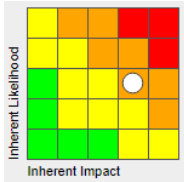
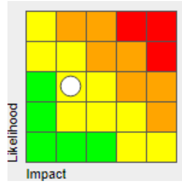
Quarterly Risk Report
Report Type: Tayside Pensions Fund Risks Report
Report Author: Executive Director of Corporate Services
Generated on: 18 June 2026

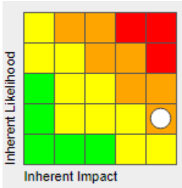
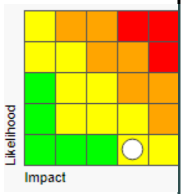
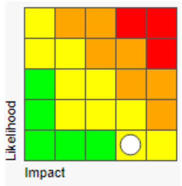
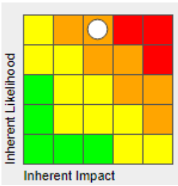
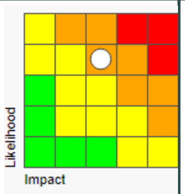
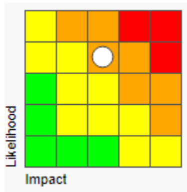
Pentana Risk Matrix

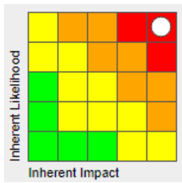
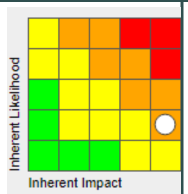
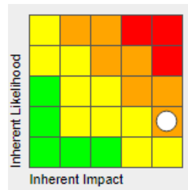


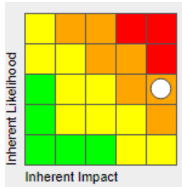
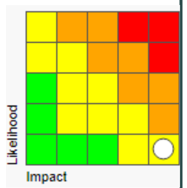
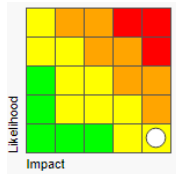
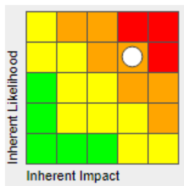
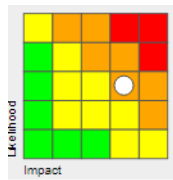
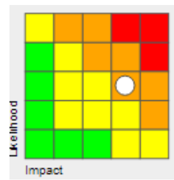
Risk Type & Title	Causes	Impact	Consequence	Inherent Risk	Controls	Residual Risk (Previous Quarter)	Residual Risk (Current)
Pension Administration (Risk appetite - minimalist) 1.Failure to process pension payments and lump sums on time	• Non-availability of pension / payroll systems • Resource unavailable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

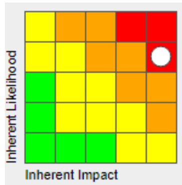
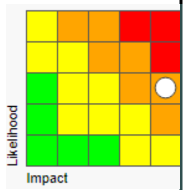
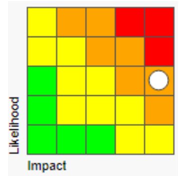
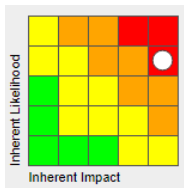
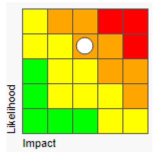
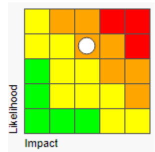
Risk Type & Title	Causes	Impact	Consequence	Inherent Risk	Controls	Residual Risk (Previous Quarter)	Residual Risk (Current)
Funding - Employer related (Risk appetite - cautious) 2.Failure to collect and account for contributions from employers and employees on time	• Non-availability of financial system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

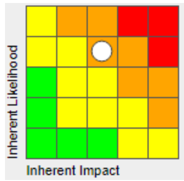
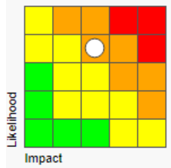
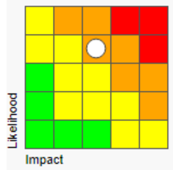
Risk Type & Title	Causes	Impact	Consequence	Inherent Risk	Controls	Residual Risk (Previous Quarter)	Residual Risk (Current)
Funding - Liquidity (Risk appetite - averse) 3.Insufficient funds to meet liabilities as they fall due	• Contribution levels are inadequate • Investment strategy fails to deliver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

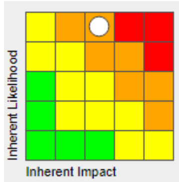
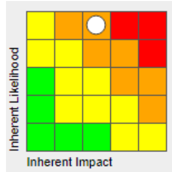
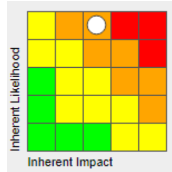
Risk Type & Title	Causes	Impact	Consequence	Inherent Risk	Controls	Residual Risk (Previous Quarter)	Residual Risk (Current)
Operational (Risk appetite - minimalist) 5.Loss of funds through fraud or misappropriation	• Fraud or misappropriation of funds by staff/employer/ 3rd party service provider	• Financial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

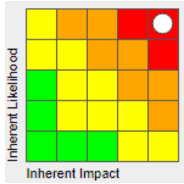
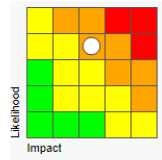
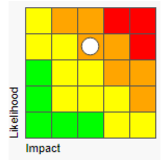
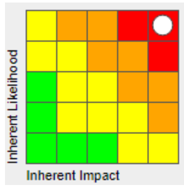
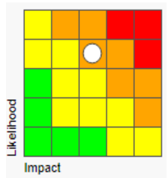
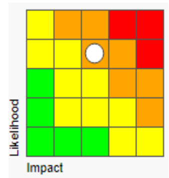
Risk Type & Title	Causes	Impact	Consequence	Inherent Risk	Controls	Residual Risk (Previous Quarter)	Residual Risk (Current)
	• Employer liabilities increase disproportionately as a result of external factors (i.e. change in bond yields) • Reduced asset values in relation to liabilities due to external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

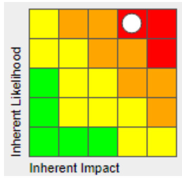
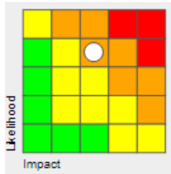
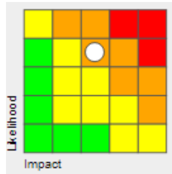
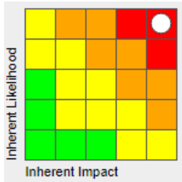
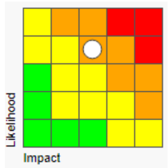
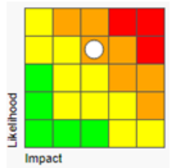
Risk Type & Title	Causes	Impact	Consequence	Inherent Risk	Controls	Residual Risk (Previous Quarter)	Residual Risk (Current)
					managers over different asset classes • 10% asset shock reserve		
Operational (Risk appetite - minimalist) 8.Failure of global custodian	• Financial collapse of global custodian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

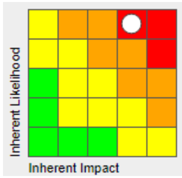
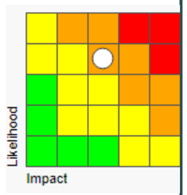
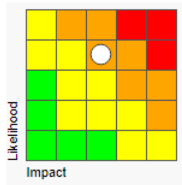
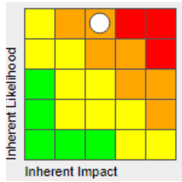
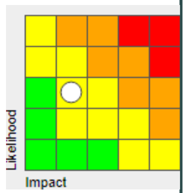
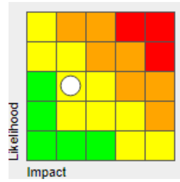
Risk Type & Title	Causes	Impact	Consequence	Inherent Risk	Controls	Residual Risk (Previous Quarter)	Residual Risk (Current)
Funding - Investment (Risk appetite - open) 10.Equity Risk	• Market sector falls substantially because of global economic factors	• Financial loss to the Fund	• Inability to meet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

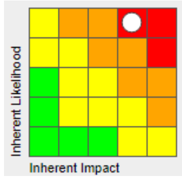
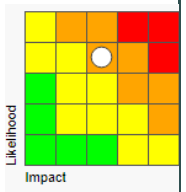
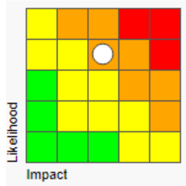
Risk Type & Title	Causes	Impact	Consequence	Inherent Risk	Controls	Residual Risk (Previous Quarter)	Residual Risk (Current)
	• Inadequate procedures / process • Lack of resources • Error in interpreting requirements • IT systems not updated to reflect changed requirements				• Robust system maintenance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

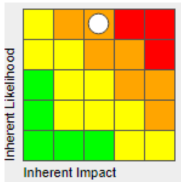
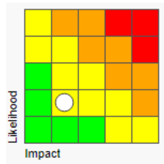
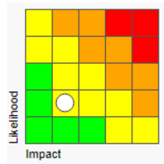
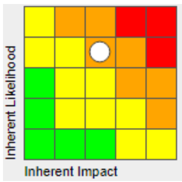
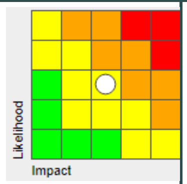
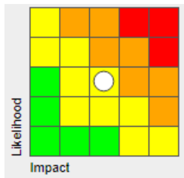
Risk Type & Title	Causes	Impact	Consequence	Inherent Risk	Controls	Residual Risk (Previous Quarter)	Residual Risk (Current)
Pension Administration (Risk appetite - minimalist) 13.Failure to provide quality service to members	• Inadequate administration & communication policies • Lack of resources • Lack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

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

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

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

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

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

ITEM No …5……….

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

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

REPORT BY: EXECUTIVE DIRECTOR OF CORPORATE SERVICES

REPORT NO: 214-2026

1. PURPOSE OF REPORT

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

2. RECOMMENDATIONS

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

3. FINANCIAL IMPLICATIONS

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

4. BACKGROUND

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

5. SERVICE SUMMARY

- **Summary of Statutory Performance Requirements**

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

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

Key:

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

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

The following provides further detail on statutory task data:

Overall Caseload:

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

Prioritised Tasks:

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

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

Other Statutory Tasks:

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

5.1 Other Pension Operations

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

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

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

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

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

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

5.2 Employer Contributions

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

5.3 Member Self Service Update/Pension Portal

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

5.4 I-Connect Update

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

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

5.5 Call Centre

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

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

5.6 Compliance

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

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

5.7 Recruitment

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

5.8 Queries & Complaints

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

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

5.9 Staff Training

- In House Training

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

- External Training

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

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

5.10 Employers & Member meetings

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

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

5.11 Resource and Structure Review

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

5.12 Annual Pension Increase

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

5.13 McCloud

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

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

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

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

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

5.14 Pension Dashboard

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

5.13 End of Year Update

At the 30th June 2026:-

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

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

5.14 HMRC

Normal minimum pension age (NMPA) transitional regulations

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

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

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

Inheritance tax

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

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

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

REGULATIONS

Details of regulatory matters are contained in Appendix 1.

POLICY IMPLICATIONS

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

CONSULTATIONS

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

BACKGROUND PAPERS

None

PAUL THOMSON

EXECUTIVE DIRECTOR OF CORPORATE SERVICES

Date 21 September 2026

Appendix 1

REGULATORY COMMUNICATIONS

Website Updates

LGPS website for funds in Scotland

- LGPS Regulations and Guidance

HMRC

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

Pension Dashboards

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

The Pension Regulator (TPR)

- AI plan

SPPA

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

Scheme Advisory Board

Scotland Updates

- LGPSAB | Local Government Pension Scheme Advisory Board

England & Wales updates

- LGPS Scheme Advisory Board - Home

The Pension Administration Standards Association (PASA)

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

The Pension Ombudsman

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

ITEM No …7………..

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

REPORT ON: **BREACHES OF LAW POLICY**

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

REPORT NO: **219-2026**

1 PURPOSE OF REPORT

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

2 RECOMMENDATIONS

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

3 FINANCIAL IMPLICATIONS

There are no financial implications.

4 BACKGROUND

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

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

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

5 POLICY IMPLICATIONS

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

6 CONSULTATIONS

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

7 BACKGROUND PAPERS

None

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

Tayside
Pension Fund

BREACHES OF LAW POLICY

2026-27

CONTENTS

Introduction

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

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

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

Background

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

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

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

What constitutes a breach of law?

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

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

Responsibility for Reporting Breaches

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

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

How are records of breaches of law maintained?

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

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

Key Responsibilities and Processes

1. Investigating Breaches

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

2. Corrective Action

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

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

3. Reporting

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

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

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

4. Annual Reporting

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

Determining Materiality of a Breach (TPR Guidance)

Assessment and Escalation of Breaches

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

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

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

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

Factors for consideration:

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

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

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

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

Special Cases:

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

Reporting a breach of law to TPR

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

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

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

The report should be dated and include as a minimum:

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

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

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

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

Whistleblowing

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

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

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

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

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

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

REPORT ON: **ANNUAL TREASURY MANAGEMENT ACTIVITY 2025/2026**

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

REPORT NO: **220-2026**

1 PURPOSE OF REPORT

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

2 RECOMMENDATION

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

3 FINANCIAL IMPLICATIONS

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

4 BACKGROUND

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

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

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

5 THE TREASURY MANAGEMENT STRATEGY FOR 2025/2026

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

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

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

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

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

6 LENDING FOR 2025/2026

Interest Rates

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

Actual Lending

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

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

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

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

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

7 POLICY IMPLICATIONS

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

8 CONSULTATION

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

9 BACKGROUND PAPERS

None

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