

Unaudited

# Annual Report and Accounts

2025/26



**Tayside**  
Pension Fund

*Administered by Dundee City Council*

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### ABOUT THE FUND

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

As at 31 March 2026, Tayside Pension Fund had investment assets of c.£6.2 billion, and a membership of over 60,700 across 38 participating employers. These participating employers include 3 local authorities, as well as their subsidiary companies and contractors; a number of universities and colleges; and a range of organisations with funding or service links to local government.

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

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



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

The aim of the Annual Report of Tayside Pension Fund is to provide relevant information on the investments and financial statements of the Fund. It should also inform our members, employers and other interested stakeholders about the Fund's activities and performance throughout the financial year. I am pleased to introduce the Annual Report and Financial Statements for 2025/26 which shows the Fund maintaining stability, following an extremely challenging year across both the global environment and its effects on financial markets, as well as dealing with the implications of changing regulations and governance requirements.

The financial year ending 31 March 2026 was characterised by continued economic uncertainty, geopolitical tensions and evolving market conditions. Despite these challenges, Tayside Pension Fund has remained focused on its long-term objective of securing members' benefits while maintaining a resilient and sustainable investment portfolio. During the year, the Fund continued to implement the revised investment strategy, with progress made in transitioning assets and further strengthening portfolio diversification. Against this backdrop, the Fund delivered a positive financial outcome, with net assets increasing to £6.2 billion and total membership growing to more than 60,000 members. These results reflect the Fund's strong governance arrangements, disciplined investment approach and commitment to delivering long-term value for members and participating employers.

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

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

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

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

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



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

As the administering authority for the Tayside Pension Fund, Dundee City Council has delegated responsibility for all matters relating to the Fund's investment strategy and governance to its Pension Sub-Committee. This Sub-Committee comprises six elected members of Dundee City Council, and it is both their duty and mine, as Chair, to ensure that the Fund fulfils its primary objective: to provide pension benefits to members upon retirement.

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

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

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

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



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

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

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

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

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

**Councillor Stewart Donaldson (Perth & Kinross Council)**  
**Chair of Tayside Pension Board**



## MANAGEMENT COMMENTARY

### Introduction

The Annual Report has been prepared in accordance with the Code of Practice on Local Authority Accounting for the United Kingdom 2025/26 which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector, and the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003. It is intended to keep members, employers and other interested stakeholders informed about the administration and performance of the Local Government Pension Scheme (LGPS) Fund that Dundee City Council is responsible for administering. Since the repatriation of Tayside Transport Fund back to the main fund on 30<sup>th</sup> June 2017, the funds have been managed as one entity.

### Purpose and Aims

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

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

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

### Policies, Strategies & Objectives

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

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

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

Further information can be found at our website:

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

### 2025/26 Events and Activities

#### Investment

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

The Fund undertook an Investment Strategy review with the assistance of investment advisors, Isio Ltd over the reporting year ending 31 March 2025. This was approved at the December 2024 meeting of the Pension Sub-Committee and Pension Board. The outcome of this involved a rebalancing exercise which was carried out over the

previous reporting year, and agreement to carry out a more in-depth review of the equity portfolio, which was undertaken over the current reporting year. The outcome of the equity review included the termination of the Positive Change strategy with Baillie Gifford and the completion of the transition of the Fund's passive equities with L&G to the Future World Global Equity Index Fund. This resulted in a change to the underlying investment benchmarks, which became effective at the start of December 2025.

Following team changes within the Schroders Capital Real Estate Solutions business, and the perceived impact that this would have on the Fund's mandate, a review of the ongoing suitability of Schroders was conducted in June 2025. Given the concerns identified, the Officers agreed that the mandate should be taken to the market to assess whether an alternative manager may be more suitable. This decision was approved at the December 2025 Pension Sub-Committee and Pension Board meeting. Subsequently, it was announced that Schroders were being acquired by Nuveen, a large US-based asset manager, in a transaction that would create one of the world's largest global active asset managers. This transaction, combined with a proposal from Schroders on revised commercial terms, resulted in the Fund pausing the action to take the mandate to market. The intention is for the pause to allow the Fund to assess the impact of the acquisition and whether the concerns previously identified would be sufficiently addressed.

The Fund also progressed the procurement exercise for the remaining 5% allocation to the opportunistic portfolio. Due to the bespoke requirements of the mandate, a full public sector procurement exercise was required. This exercise took place through Q4 2025 and Q1 2026, with the preferred mandate being subject to approval by the City Governance Committee and Pension Sub-Committee at their respective June meetings.

### Changes to Regulation / Legislation

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

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

### Consultations

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

### I.T. Developments

- I-Connect

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

- Member Self Service/Pension Portal

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

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



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

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

- **Contact Centre**

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

- **Altair System**

During the year, the Altair system received quarterly updates.

### **Training, Development and Communication**

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

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

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

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

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

- **Staff Training**

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

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

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

|               |                              |                |
|---------------|------------------------------|----------------|
| Valuation     | Heywood                      | MS Teams       |
| Aggregations  | Heywood, Hyman<br>Robertsons | MS Teams       |
| Fraud Webinar | TPR                          | Online seminar |

- Employer / Members Sessions

The following sessions were held online over the year:

|                                 | Topic                                                                                                                                                                                                                  |
|---------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Employers                       | Meetings were held through the year with various employers on subjects covering, I Connect, VER, Certificate of Protections, Ill health Retirement and McCloud                                                         |
| Employer Forum                  | An MS Teams meeting was held with employers to provide updates on Admin Strategy and team update, McCloud, I Connect, MSS & Dashboards, Forms and Website                                                              |
| Members                         | Ad hoc MS Teams sessions and in person meetings as and when required to fully meet the needs of the members. Sessions were held on such topics as annual allowance, retirement, and transfers queries.                 |
| Communication issued to members | As part of the Annual Benefit statement details of the benefits available to our members is provided. This update highlights key features of the scheme, recent developments, and any changes that may impact members. |

## Working Arrangements

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

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

## Fund Update

### Membership

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

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

### Membership Funding

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

The employees' contribution levels are tiered based on a percentage of pensionable pay. Contributions are made by active members of the Fund in accordance with the LGPS (Scotland) Regulations 2014 and range from 5.5% to 12.0% of pensionable pay. Employer contributions are set based on triennial valuations undertaken by actuaries in

accordance with Regulation 60 of the Local Government Pension Scheme (Scotland) Regulations 2014. The employers' contribution levels are reviewed every three years by the Funds' actuaries as part of their actuarial valuation of the Fund.

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

## Performance

- Fund Investment

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

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

| Strategic Allocation | %   | Allocation 31 March 2026* | %    |
|----------------------|-----|---------------------------|------|
| Equities             | 65% | Equities                  | 70.2 |
| Bonds                | 13% | Bonds                     | 12.7 |
| Property             | 12% | Property                  | 10.4 |
| Alternatives         | 10% | Alternatives              | 6.7  |

\*Allocation at 31 March 2026 excludes cash.

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

Over the year, the fund rose from £5.566bn to £6.160bn by 31 March 2026. A full economic brief and individual portfolio performance is detailed further within the Investment Section of the report.

- Administration

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

In compliance with The Pensions Regulator's Code of Practice, procedures and documentation are in place for logging and reporting breaches. Breaches are logged internally and if assessed to be material and are required to be reported to the Regulator. During the financial year, there were no material breaches encountered.

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

## Risk Management

- Risk Management Policy & Strategy

The current Risk Management Policy & Strategy has been in place since June 2022, although reviewed annually. The purpose of the Policy and Strategy is to effectively mitigate risks which may otherwise impact on achievement of the Fund's objectives, by implementing comprehensive risk management arrangements. These arrangements

include, among others: development and maintenance of comprehensive risk registers; setting out of responsibilities for the management and escalation of risks; and responsibility for regular review and updating of Policy and Strategy.

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

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

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

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

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

### Future Outlook

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

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

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

### 2025/26 Accounts

A summary of the main statements is provided below:

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

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

Tayside Pension Fund accounts show contributions received of £124.323m. This has increased by £1.332m during the year to 31 March 2026. Benefits payable were £178.304m, which increased by £0.385m since the previous year. Contributions increased in the scheme during 2025/26 mainly due to increased active membership and pay increases being applied. Benefits payable also increased due to increased pensioner membership and pension increase being applied.

Net Assets Statement – showing the type and value of all net assets at the end of the financial year. Tayside Pension Fund's net assets increased to £6.160bn from £5.566bn in 2025.

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

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

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**Gregory Colgan**  
Chief Executive  
Dundee City Council

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

## TAYSIDE PENSION FUND STATISTICS

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

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

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

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

| <b>Cashflow Forecast</b> | <b>2026/27</b><br>£000 | <b>2027/28</b><br>£000 | <b>2028/29</b><br>£000 | <b>2029/30</b><br>£000 | <b>2030/31</b><br>£000 |
|--------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| Pension Income           | 136,283                | 142,432                | 148,861                | 155,581                | 162,607                |
| Pension Expenditure      | (202,818)              | (215,910)              | (229,859)              | (244,723)              | (260,561)              |
| Net Pension Cashflow     | (66,535)               | (73,477)               | (80,998)               | (89,142)               | (97,954)               |
| Net Investment Income    | 72,552                 | 76,978                 | 81,673                 | 86,655                 | 91,94                  |
|                          | <b>2031/32</b><br>£000 | <b>2032/33</b><br>£000 | <b>2033/34</b><br>£000 | <b>2034/35</b><br>£000 | <b>2035/36</b><br>£000 |
| Pension Income           | 169,951                | 177,729                | 185,657                | 194,049                | 202,822                |
| Pension Expenditure      | (277,438)              | (295,423)              | (314,589)              | (335,013)              | (356,779)              |
| Net Pension Cashflow     | (107,487)              | (117,794)              | (128,932)              | (140,964)              | (153,957)              |
| Net Investment Income    | 97,550                 | 103,500                | 109,814                | 116,513                | 123,620                |



## THE MANAGEMENT OF TAYSIDE PENSION FUND

### Pension Sub-Committee

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

The table below show the membership of the Pension Sub-Committee to 31<sup>st</sup> March 2026:

|                                    |
|------------------------------------|
| Bailie Willie Sawers (Chairperson) |
| Bailie Kevin Keenan                |
| Councillor Steven Rome             |
| Councillor Dorothy McHugh          |
| Councillor James Black             |
| Councillor Michael Crichton        |

All committee members are members of Tayside Pension Fund.

### Local Pension Board

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

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

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

The table below show the membership of the Pension Board as at 31<sup>st</sup> March 2026:

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

\* Appointed on 23<sup>rd</sup> March 2026.

\*\* stood down as Chairperson on 23<sup>rd</sup> March 2026.

The Pension Sub-Committee and Pension Board must undergo continuous regular training which can be delivered locally or nationally (as a minimum attending full induction sessions and completing The Pensions Regulator's

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

## Tayside Pension Fund Officers

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

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

## Scheme Advisory Board

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

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

## Fund Managers

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

## Investment Advisor

|                                     |                                                      |
|-------------------------------------|------------------------------------------------------|
| <b>Actuary</b>                      | ISIO Services Ltd                                    |
| <b>Custodian</b>                    | Barnett Waddingham                                   |
| <b>System Provider</b>              | Northern Trust                                       |
| <b>Banker</b>                       | Aquila Heywood Ltd                                   |
| <b>Auditors</b>                     | Royal Bank of Scotland                               |
| <b>Corporate Governance Advisor</b> | Audit Scotland (external), PwC (internal)            |
| <b>Performance Measurement</b>      | Pension & Investment Research Consultants Ltd (PIRC) |
| <b>Legal</b>                        | Northern Trust                                       |
| <b>Covenant Advisor</b>             | CMS Cameron McKenna Nabarro Olswang LLP              |
|                                     | PwC                                                  |

## ANNUAL GOVERNANCE STATEMENT

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

### Role of the Administering Authority

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

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

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

Ensure that the Fund is:

- Compliant with the Local Government Pension Scheme Regulations and all other legislation that governs the administration of the fund.
- Valued as required and that reports received on each valuation are considered.

Be responsible for:

- Setting the investment objectives and policy and the strategic asset allocation in the light of the Fund's liabilities.
- Appointing, reviewing, and assessing the performance of investment managers, investment consultants, custodians and actuaries.
- Ensuring appropriate arrangements are in place for the administration of benefits.
- Ensuring appropriate additional voluntary contributions arrangements are in place.
- Providing scrutiny for the Fund, reviewing the Annual Governance Statement, Annual Accounts and all audit reports and arrangements.

Prepare, maintain and publish the following:

- Governance Compliance Statement.
- Funding Strategy Statement.
- Statement of Investment Principles.
- Environmental, Social and Corporate Governance Policy.
- Administration Strategy
- Communications Policy
- Treasury Policy and Strategy

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

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

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

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

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

## Internal Audit and other governance measures

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

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

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

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

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

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

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

The Head of Internal Audit must be satisfied that sufficient internal audit work has been undertaken within the financial year to allow an opinion to be given as to the adequacy and effectiveness of governance, risk management and controls. Tayside Pension Fund has received a Moderate Assurance opinion. Across three of the reviews, there were two high, seven medium-risk and one low-risk findings. The fourth review was "Not Rated" as this was a data gap analysis / advisory review. PwC inform that governance, risk management and control in relation to the internal audit reviews performed requires improvement. Across the reviews undertaken, a number of high and medium risk rated weaknesses have been identified and, these are considered material to the overall framework. However, certain discrete elements of the system of internal control remain effective and unaffected. PwC concluded that improvements are required in the areas identified to enhance the adequacy and effectiveness of the framework of governance, risk management and control.

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

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

## Scope of Responsibility

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

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

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

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

## The Governance Framework

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

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

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

The overall control arrangements include:

- an effective Council Committee structure.
- a Council website that is maintained and developed.
- a Council intranet system for sharing information internally.
- the Our People Strategy 2022-27.
- integrated Impact Assessments ensures that all likely impacts of reports have been considered and provide details of any mitigation action required to overcome negative impacts.
- a Digital Strategy to guide investment in ICT.

- the OneDundee intranet site which provides access to corporate information and policies to employees who do not have day-to-day access to IT facilities.
- a social media policy which empowers service areas to harness these powerful communications channels while mitigating the potential risks.
- a Corporate Integrity Group.
- service plans for all service areas. Regular performance reports in relation to the service plans are reported to relevant Committees.
- a performance management framework.
- a Senior Officer Resilience Group.
- participation in the National Fraud Initiative strategy for sharing and cross-matching data with regular reports to Committee.
- a Risk Management Policy and Strategy, Corporate and Service Risk Registers.
- a Corporate Governance Assurance Statement Group.
- a Strategic Information Governance Group.
- a full suite of financial strategies and plans.
- A Risk and Assurance Board.

## Review of Effectiveness

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

The effectiveness of the governance framework is reviewed annually by senior officers. The 2025/26 review of governance arrangements against the Local Code of Corporate Governance has identified the Council as being 99% compliant with the principles of the CIPFA/SOLACE framework Delivering Good Governance in Local Government.

In addition, Executive Directors from each service have made a self-assessment, in conjunction with their senior management teams, of their own governance, risk management and internal control arrangements. This involved completion of a 78-point checklist covering eight key governance areas of Service Planning and Performance Management; Internal Control Environment; Fraud Prevention and Detection; Budgeting, Accounting and Financial Control; Risk Management and Business Continuity; Asset Management; Partnerships; and Information Governance. This again indicated a high level of compliance, with an overall score above 97% for 2025/2026.

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

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

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

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



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

### Continuous Improvement Agenda

The following are service improvements specific to Tayside Pension Fund achieved during 2025/26:

| Business Area        | Item                                                           | Description                                                                                                                                                                                                                                                                   | Status / Information                                                                                                                                                                                                                                                                                                               |
|----------------------|----------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Finance & Governance | Review of structure, roles and resources / Business Resilience | Recommendation of audits to review as a result of increasing number of new additional legislative and governance requirements                                                                                                                                                 | Hymans Robertson was commissioned by Tayside Pension Fund to review its staffing structure and identify where improvements could be made to enable the Fund to meet its operational requirements more efficiently and effectively. Recommendations are in the process of being implemented, prioritising recruitment of key posts. |
|                      | GDPR                                                           | Review of the design of key controls in respect of GDPR regulations                                                                                                                                                                                                           | Internal audit concluded. Recommendations will be addressed in year.                                                                                                                                                                                                                                                               |
|                      |                                                                |                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                                                                    |
| Administration       | McCloud                                                        | Post implementation review of the design of controls related to the project approach taken, including data management; approach to calculations and proformas; and the check review process. Review will also encompass member communications and training provided to staff. | Internal audit concluded. Recommendations will be addressed in year.                                                                                                                                                                                                                                                               |
|                      | Member data                                                    | Assessment of data quality using specialised software which will include ability to quantify the number of members who will pass / fail the Dashboard Find requirements.                                                                                                      | Internal audit concluded. Recommendations will be addressed in year.                                                                                                                                                                                                                                                               |

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

| Business Area        | Item              | Description                                                                                                  | Status / Information                                            |
|----------------------|-------------------|--------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------|
| Finance & Governance | Employer Covenant | Employer engagement following outcome of review undertaken 2019/20 with aim of implementing recommendations. | Delayed from previous year as a result of resource constraints. |

|                |                                         |                                                                                                                                |                                                                     |
|----------------|-----------------------------------------|--------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------|
|                | Admission Agreements                    | Standardisation of admission agreements                                                                                        | Delayed from previous year and will coincide with covenant exercise |
|                | Procurement                             | Exercises relating to the following: <ul style="list-style-type: none"> <li>• Actuary</li> <li>• Investment advisor</li> </ul> | Scheduled                                                           |
|                | Risk Management & Regulatory Compliance | Assessment in line with TPR General Code                                                                                       | In progress                                                         |
| Administration | Pensions dashboard                      | Access to tool to enquire about missed pension pots and benefit values                                                         | Connected October 2025, awaiting wider rollout                      |

Information on the Fund is available from the following links:

Minutes of Joint Pension Sub-Committee and Pension Board meetings:  
[https://www.dundee.gov.uk/minutes/meetings?in\\_cc=35&in\\_dat=2](https://www.dundee.gov.uk/minutes/meetings?in_cc=35&in_dat=2)

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

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

## Conclusion

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

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**Gregory Colgan**  
 Chief Executive  
 Dundee City Council

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

## GOVERNANCE COMPLIANCE STATEMENT

### 1. Role and Responsibilities

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

The main functions are:

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

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

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

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

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

### 2. Delegation

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

### 3. Terms of Delegation

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

### 4. Committee Meetings

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

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

### 5. Representation

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

### 6. Compliance

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

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

| GOVERNANCE COMPLIANCE STATEMENT 25/26                                                                                                                                                                                                        |            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Principle                                                                                                                                                                                                                                    | Compliance | Comment                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>Structure</b>                                                                                                                                                                                                                             |            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| The management of the administration of benefits and strategic management of fund assets clearly rests with the main committee established by the appointing council.                                                                        | ✓          | Tayside Pension Fund is administered by Dundee City Council as the administering authority with responsibility for the management of pension investment delegated to the Tayside Pension Sub-Committee with day-to-day operational matters further delegated in the main to the Director of Corporate Services.                                                                                                                                                                                                                       |
| Representatives of participating LGPS employers, admitted bodies and scheme members (including pensioner and deferred members) are members of either the main or secondary committee established to underpin the work of the main committee. | ✓          | Membership of the Pension Sub-Committee comprises of six councillors from Dundee City Council with voting rights.<br><br>Membership of the Pension Board consists of equal numbers of trade union and employer representatives, drawn from councils and scheduled or admitted bodies in membership of the fund. Pension Board representatives must not also participate in or act as members of the Pensions Sub-Committee. Local Authority employer representatives will normally be Elected Members serving as part of the Council. |
| Where a secondary committee or panel has been established, the structure ensures effective communication across both levels.                                                                                                                 | ✓          | While the statutory roles and function of the Pensions Sub-Committee and Pension Board are separate, the normal practice will be that both bodies will meet at the same time to consider the same agenda, with the Chair of the Pensions Sub-Committee chairing the concurrent meeting. The aim is to engender a positive and proactive partnership culture where in practice the two bodies act as one.                                                                                                                              |
| Where a secondary committee or panel has been established, at least one seat on the main committee is allocated for a member from the secondary committee or panel.                                                                          | ✓          | All members of the Pension Sub-Committee are members of the Dundee City Council City Governance Committee.<br>The membership of the Committee and Local Pension Board is independent of one another, as provided for in the Regulations, as it is believed that separate membership is preferable for the discharge of their statutory duties.                                                                                                                                                                                        |
| <b>Committee Membership and Representation</b>                                                                                                                                                                                               |            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| All key stakeholders are afforded the opportunity to be represented within the main or secondary committee structure. These include:                                                                                                         | ✓          | The Pension Sub-Committee includes 6 councillors from Dundee Council.<br>The Pension Board has 2 employer representatives of employing authorities and 2 of admitted employers.                                                                                                                                                                                                                                                                                                                                                       |
| i) employing authorities (including non-scheme employers, e.g. admitted bodies);                                                                                                                                                             |            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| ii) scheme members (including deferred and pensioner scheme members);                                                                                                                                                                        | ✓          | The Pensions Board has 4 Trade Union representatives who represent all scheme members (including deferred and pensioner scheme members) as required by regulation.                                                                                                                                                                                                                                                                                                                                                                    |
| iii) where appropriate, independent professional observers;                                                                                                                                                                                  |            | The External Investment Advisor, Isio Ltd, attend annual Committee meetings. The                                                                                                                                                                                                                                                                                                                                                                                                                                                      |

|                                                                                                                                                                                                                                                  |   |                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| iv) expert advisors (on an ad-hoc basis).                                                                                                                                                                                                        | ✓ | Actuary, Barnett Waddingham, attends Committee meetings as required.<br>There has been no requests to appoint further independent observers or advisors                                                                                                                                                                                                                                                                                  |
| Where lay members sit on a main or secondary committee, they are treated equally in terms of access to papers and meetings, training and are given full opportunity to contribute to the decision making process, with or without voting rights. | ✓ | All members of the Committee are treated equally in terms of access to papers, meetings and training. They are given full opportunity to participate and contribute to the decision-making process as appropriate and required.<br><br>All members of the Local Pension Board are treated equally in terms of access to papers and meetings, training and are given full opportunity to participate in their decision-making process.    |
| <b>Selection and Role of Lay Members</b>                                                                                                                                                                                                         |   |                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| Committee or panel members are made fully aware of the status, role and function they are required to perform on either a main or secondary committee.                                                                                           | ✓ | Members are made aware of the full details of status, role and function prior to selection and appointment.<br>This area is also covered in their training program.<br><br>Local authority members are subject to the code of conduct of their respective council.<br>The trade union and employer representatives are required to agree to accept the same code of conduct applicable to their role and duties to Tayside Pension Fund. |
| At the start of any meeting, committee members are invited to declare any financial or pecuniary interest related to specific matters on the agenda related to specific matters on the agenda                                                    | ✓ | Declaration of interests is a standard procedure at the start of all Pension Sub-Committee and Pension Board meetings. This is stated at the start of each agenda, and any declarations are noted in the minutes.                                                                                                                                                                                                                        |
| <b>Voting</b>                                                                                                                                                                                                                                    |   |                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| The policy of individual administering authorities on voting rights is clear and transparent, including the justification for not extending voting rights to each body or group represented on main LGPS committees.                             | ✓ | All Pension Sub-Committee members have voting rights. This is detailed in the Tayside Pension Funds Statement of Investment Principles.<br>Each member of the Pension Board will have an individual voting right but it is expected as far as possible, that the Pension Board will reach a consensus. The Chair of the Pension Board will have the final casting vote which will be reported to the Scheme Manager.                     |
| <b>Training / Facility Time / Expenses</b>                                                                                                                                                                                                       |   |                                                                                                                                                                                                                                                                                                                                                                                                                                          |

|                                                                                                                                                                                                                                                           |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| In relation to the way in which statutory and related decisions are taken by the administering authority, there is a clear policy on training, facility time and reimbursement of expenses in respect of members involved in the decision-making process. | ✓ | <p>All new members of the Pension Sub-Committee are offered training by officers. Further training is offered periodically, generally from investment consultants, investment managers of the fund and actuaries. In addition, if other training opportunities are identified, including attendance at conferences and seminars, these are offered to members, as appropriate.</p> <p>Costs and expenses incurred are met by the Pension Fund.</p> <p>The Scheme Manager recognises that effective financial administration and decision-making can only be achieved where those involved have the requisite knowledge and skills.</p> |
| Where such a policy exists, it applies equally to all members of committees, sub-committees, advisory panels or any other form of secondary forum.                                                                                                        | ✓ | Training requirement is applicable to all members of the Pension Sub-Committee and Board.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| The administering authority considers the adoption of annual training plans for committee members and maintains a log of all such training undertaken.                                                                                                    | ✓ | <p>Training programmes are undertaken to reflect specific needs, and which include the appropriate requirements of the Pensions Regulator's Codes of Practice.</p> <p>The training programme is reviewed regularly and members of the Sub-Committee and Pension Board assess their individual requirements.</p>                                                                                                                                                                                                                                                                                                                        |
| <b>Meetings (Frequency/Quorum)</b>                                                                                                                                                                                                                        |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| An administering authority's main committee or committees meet at least quarterly.                                                                                                                                                                        | ✓ | <p>The Pension Sub-Committee and Pension Board have a regular quarterly joint meeting at which it considers investment and administration matters. Additional meetings are called should any aspect of the Fund require.</p> <p>Both the Pension Sub-Committee and Pension board require 3 members apiece to be quorate. If the Pension Board fail to achieve required membership, the Pension Sub-Committee meeting will continue.</p>                                                                                                                                                                                                |
| That an administering authority's secondary committee or panel meet at least twice a year and is synchronised with the dates when the main committee sits.                                                                                                | ✓ | The Pension Sub-Committee and Board meet jointly on a quarterly basis.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| That administering authorities who do not include lay members in their formal governance arrangements, provide a forum outside of those arrangements by which the interests of key stakeholders can be represented.                                       | ✓ | Employer Forum for scheduled and admitted bodies is held annually, including presentations on topical subjects.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>Access</b>                                                                                                                                                                                                                                             |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |



|                                                                                                                                                                                                                                                          |   |                                                                                                                                                                                                                                                                                                                                                                                                                             |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| That subject to any rules in the council's constitution, all members of main and secondary committees or panels have equal access to committee papers, documents and advice that falls to be considered at meetings of the main committee.               | ✓ | Subject to the management of any conflict of interest, all members are treated equally in terms of access to committee papers, documents and advice.                                                                                                                                                                                                                                                                        |
| <b>Scope</b>                                                                                                                                                                                                                                             |   |                                                                                                                                                                                                                                                                                                                                                                                                                             |
| That administering authorities have taken steps to bring wider scheme issues within the scope of their governance arrangements.                                                                                                                          | ✓ | The agendas include reports on training, admission agreements, policies on discretions, pensions administration, regulatory changes, budget monitoring, local performance indicators, the service plan, internal and external audit, valuation issues, the funding level, the asset value and asset allocation, proposals to develop the investment management structure, investment performance at Fund and manager level. |
| <b>Publicity</b>                                                                                                                                                                                                                                         |   |                                                                                                                                                                                                                                                                                                                                                                                                                             |
| That administering authorities have published details of their governance arrangements in such a way that stakeholders with an interest in the way in which the scheme is governed, can express an interest in wanting to be part of those arrangements. | ✓ | Governance Policy Statement was approved in May 2009, following consultation with all employers. The governance arrangements may be viewed on the Fund's website at: <a href="https://www.taysidepensionfund.org/about-the-scheme/about-the-pension-fund/">https://www.taysidepensionfund.org/about-the-scheme/about-the-pension-fund/</a>                                                                                  |

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**Gregory Colgan**  
Chief Executive  
Dundee City Council

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

## **RISK POLICY & STRATEGY**

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

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

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

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

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

## STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

### The Administering Authority's Responsibilities

The Authority is required to:

- Make arrangement for the proper administration of the financial affairs of the Pension Fund in its charge and to secure that one of its officers has the responsibility for the administration of those affairs (section 95 of the Local Government (Scotland) Act 1973). In this authority, that officer is the Executive Director of Corporate Services.
- Manage its affairs to secure economic, efficient, and effective use of its resources and safeguard its assets.
- Ensure the Annual Accounts are prepared in accordance with legislation (The Local Authority Accounts (Scotland) Regulations 2014), and so far, as is compatible with that legislation, in accordance with proper accounting practices (section 12 of the Local Government in Scotland Act 2003).
- Delegate authority to the Pension Sub-committee to review and approve Pension Fund annual accounts.
- The annual accounts will be presented for consideration to the Pension sub-committee at its meeting of 29 June 2026 and the audited accounts will be submitted to the Pension sub-committee to be approved for signing no later than 30 September 2026.

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

### The Executive Director of Corporate Service's Responsibilities

The Executive Director of Corporate Services is responsible for the preparation of the Pension Fund statement of accounts which, in terms of CIPFA / LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code of Practice), is required to present a true and fair view of the financial position of the Pension Funds at the accounting date and their income and expenditure for the year (ended 31 March 2026).

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

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

The Executive Director of Corporate Services has also:

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

### Statement of Accounts

The Statement of Accounts presents a true and fair view of the financial position of the Pension Funds as at 31 March 2026, and their income and expenditure for the year ending 31 March 2026.



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

## **INDEPENDENT AUDITOR'S REPORT**

The statement of accounts is subject to audit in accordance with the requirements of Part VII of the Local Government (Scotland) Act 1973.

**Audit Director  
Audit Scotland  
102 Westport  
Edinburgh  
EH3 9DN**

## TAYSIDE PENSION FUND - FUND ACCOUNT

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

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



## TAYSIDE PENSION FUND NET ASSETS STATEMENT

| 2024/25<br>£000         |                                                                                             | Note      | 2025/26<br>£000         |
|-------------------------|---------------------------------------------------------------------------------------------|-----------|-------------------------|
|                         | <b>Investment Assets</b>                                                                    | 10        |                         |
| 264,061                 | Bonds                                                                                       |           | 277,393                 |
| 2,199,093               | Equities                                                                                    |           | 2,469,416               |
| 348,455                 | Fixed Income funds                                                                          |           | 364,579                 |
| 1,492,764               | Equity funds                                                                                |           | 1,688,165               |
| 258,876                 | Diversified Alternatives                                                                    |           | 396,899                 |
| 108,066                 | Multi Asset Credit                                                                          |           | 115,287                 |
| 580,866                 | Pooled Property Investments                                                                 |           | 616,835                 |
| 1,471                   | Derivatives                                                                                 |           | 1,937                   |
| 16,568                  | Other Investment Assets                                                                     |           | 22,253                  |
| 393,073                 | Cash Deposits                                                                               |           | 161,134                 |
| <u>5,663,283</u>        |                                                                                             |           | <u>6,113,898</u>        |
| (108,340)               | Investment Liabilities                                                                      | 10        | (15,053)                |
| <b>5,554,943</b>        | <b>Total Net Investments</b>                                                                | <b>10</b> | <b>6,098,845</b>        |
| 16,990                  | Current Assets                                                                              | 17        | 67,309                  |
| <u>5,571,933</u>        |                                                                                             |           | <u>6,166,154</u>        |
| (6,004)                 | Current Liabilities                                                                         | 18        | (6,423)                 |
| <b><u>5,565,929</u></b> | <b>Net assets of the fund available to fund benefits at the end of the reporting period</b> |           | <b><u>6,159,731</u></b> |



**Paul Thomson CPFA**  
Executive Director of Corporate Services  
Dundee City Council  
30 June 2026

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

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

## NOTES TO TAYSIDE PENSION FUND FINANCIAL STATEMENTS

### 1 - The Local Government Pension Scheme

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

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

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

Tayside Pension Fund is maintained for the benefit of its membership (including existing and deferred pensioners). This comprises most Local Government employees within Dundee City Council, Perth and Kinross Council and Angus Council as well as 35 other bodies. Teachers are not included in the Scheme as they have a separate, nationally established, statutory arrangement.

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

The financial statements summarise the Fund's transactions for the 2025/26 financial year and its position as at the 31 March 2026. The accounts have been prepared on a going concern basis, and in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2025/26 (the Code) which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector. In addition, consideration has been given to the Local Government Pension Scheme Fund Accounts - example accounts and disclosure checklist published by the Chartered Institute of Public Finance Accountants (CIPFA).

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

### 3 - Statement of Accounting Policies

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

#### Investments

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

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

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

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

#### Income and Expenditure

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

## **Investment Income**

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

## **Cash and Cash Equivalents**

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

## **Contributions**

Contributions represent the amounts received from organisations participating in the Fund, these may be from the administering authority, and other scheduled bodies or admitted bodies. Such amounts relate both to their own employer contributions and to those of their pensionable employees. Employee and employer's contributions due as at 31 March 2026 have been accrued. In accordance with Funding Strategy Statement, employers have the option to prepay their pension contributions which will generate a saving based on an actuarial calculation. Two employers elected to make an upfront payment of their 2025/26 employer contributions in April 2025 with a balancing payment in April 2026.

## **Foreign Currency**

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

## **Investment Management Expenses**

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

## **Administrative Overheads and Expenses**

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

## **Acquisition Cost**

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

## **Additional Voluntary Contributions**

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

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

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

## **Taxation**

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

## **VAT**

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

## **Derivatives**

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

## **Financial Assets**

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

## **Financial Liabilities**

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

## **Fair Value Measurement**

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

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

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

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

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

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

## 4 - Related Party Transactions and Balances

All employer member bodies are by nature related parties of the Fund. Tayside Pension Fund is administered by Dundee City Council, consequently there is a strong relationship between the Council and Pension Fund. Note 5 outlines the pension contributions paid by the Council, as administering authority, to the Fund in relation to 2025/26.

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

### Key Management Personnel

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

|                          | 2025<br>£000 | 2026<br>£000 |
|--------------------------|--------------|--------------|
| Short-term benefits      | 10           | 10           |
| Post-employment benefits | 5            | 4            |

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

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

## 5 – Contributions Receivable

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

|                        | Administering<br>Authority<br>£000 | Other<br>Scheduled<br>Bodies<br>£000 | Admitted<br>Bodies<br>£000 | Total<br>£000 |
|------------------------|------------------------------------|--------------------------------------|----------------------------|---------------|
| <b>2025/26</b>         |                                    |                                      |                            |               |
| Member contributions   | 9,435                              | 16,671                               | 8,424                      | 34,620        |
| Employer contributions | 24,490                             | 43,926                               | 19,027                     | 87,443        |

|                |        |        |        |         |
|----------------|--------|--------|--------|---------|
| Strain on Fund | 919    | 1,173  | 169    | 2,261   |
| Total          | 34,844 | 61,860 | 27,620 | 124,324 |

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

## 6 – Benefits Payable

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

|                         | Total Benefits Payable<br>(incl. Lump Sums) |                | Lump sums<br>(Retirement and Death Benefits) |               |
|-------------------------|---------------------------------------------|----------------|----------------------------------------------|---------------|
|                         | 2024/25                                     | 2025/26        | 2024/25                                      | 2025/26       |
|                         | £000                                        | £000           | £000                                         | £000          |
| Administering Authority | 61,276                                      | 59,063         | 15,994                                       | 14,341        |
| Other Scheduled Bodies  | 89,843                                      | 71,787         | 23,983                                       | 15,295        |
| Admitted Bodies         | 26,800                                      | 47,453         | 6,770                                        | 10,503        |
|                         | <b>177,919</b>                              | <b>178,303</b> | <b>46,747</b>                                | <b>40,139</b> |

## 7 – Transfers In from other Pension Funds

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

|                         | Transfer Values Received |              |
|-------------------------|--------------------------|--------------|
|                         | 2024/25                  | 2025/26      |
|                         | £000                     | £000         |
| Administering Authority | 1,792                    | 1,411        |
| Other Scheduled Bodies  | 3,162                    | 2,179        |
| Admitted Bodies         | 2,390                    | 1,272        |
|                         | <b>7,344</b>             | <b>4,862</b> |

## 8 – Payments to and on Account of Leavers

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

|                         | Transfer Values Paid |               | Refunds    |            |
|-------------------------|----------------------|---------------|------------|------------|
|                         | 2024/25              | 2025/26       | 2024/25    | 2025/26    |
|                         | £000                 | £000          | £000       | £000       |
| Administering Authority | 1,602                | 4,440         | 24         | 47         |
| Other Scheduled Bodies  | 42,473*              | 3,527         | 77         | 96         |
| Admitted Bodies         | 841                  | 2,478         | 49         | 80         |
|                         | <b>44,916</b>        | <b>10,445</b> | <b>150</b> | <b>223</b> |

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

## 9 - Investment Income

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

## 10 – Investments

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



## Investment Liabilities

|                                     |                  |                 |
|-------------------------------------|------------------|-----------------|
| Derivative contracts`               | (976)            | (5,310)         |
| Amounts payable for purchases       | (107,364)        | (9,743)         |
| Other Investment liabilities        | -                | (1)             |
| <b>Total Investment Liabilities</b> | <b>(108,340)</b> | <b>(15,053)</b> |

## Net Investment Assets

|                  |                  |
|------------------|------------------|
| <b>5,554,943</b> | <b>6,098,845</b> |
|------------------|------------------|

## 10a Reconciliation of Movements in Investments and Derivatives

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

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

## 10b Investments Analysed by Fund Manager

The Fund's investment assets are under the management of five external fund managers. At 31 March 2026, the market value of these investment assets was £6,098.8m (2025 £5,554.9m), managed as follows:

| Fund Manager                 | Mandate                  | 2025             |              | 2026             |              |
|------------------------------|--------------------------|------------------|--------------|------------------|--------------|
|                              |                          | £000             | %            | £000             | %            |
| Schroders Property           | Property                 | 689,511          | 12.4         | 709,864          | 11.6         |
| Fidelity                     | Global Equity            | 1,192,451        | 21.5         | 1,400,620        | 23.0         |
| Baillie Gifford              | Global Equity            | 692,972          | 12.5         | 948,473          | 15.6         |
| Fidelity                     | Bond                     | 375,990          | 6.8          | 391,359          | 6.4          |
| Baillie Gifford              | UK Equity                | 366,528          | 6.6          | 188,862          | 3.1          |
| Legal & General              | Passive Equity           | 1,444,319        | 26.0         | 1,688,165        | 27.7         |
| GSAM Broad Street            | Infrastructure           | 3,266            | 0.1          | 2,519            | -            |
| Northern Trust               | Securities Lending       | 39               | -            | 15               | -            |
| Baillie Gifford              | Equity (Positive Change) | 48,449           | 0.9          | -                | -            |
| The Partners Fund            | Private Markets          | 387,034          | 7.0          | 396,899          | 6.5          |
| LGIM Buy and Maintain        | Bond                     | 246,309          | 4.4          | 256,775          | 4.2          |
| Apollo Total Return Fund     | Multi-asset              | 108,067          | 1.9          | 115,287          | 1.9          |
| <b>Net Investment Assets</b> |                          | <b>5,554,943</b> | <b>100.0</b> | <b>6,098,845</b> | <b>100.0</b> |

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

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

## 11 - Analysis of Derivatives

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

### Objectives and policies for holding derivatives

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

## Futures

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

## Open Forward Currency Contracts

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

| Settlements                                             | Currency bought | Local Value<br>£000 | Currency sold | Local Value<br>£000 | Asset value<br>£000 | Liability value<br>£000 |
|---------------------------------------------------------|-----------------|---------------------|---------------|---------------------|---------------------|-------------------------|
| One to six months                                       | GBP             | 77,602              | EUR           | (89,062)            | 1                   | (369)                   |
| One to six months                                       | GBP             | 33,693              | USD           | (45,678)            | -                   | (948)                   |
| One to six months                                       | EUR             | 9,869               | GBP           | (8,605)             | 39                  | (4)                     |
| Up to one month                                         | EUR             | 2,757               | GBP           | (2,388)             | 21                  | -                       |
| Up to one month                                         | USD             | 3,225               | GBP           | (2,416)             | 29                  | -                       |
| Up to one month                                         | GBP             | 53                  | EUR           | (61)                | -                   | -                       |
| <b>Open forward currency contracts at 31 March 2026</b> |                 |                     |               |                     | <b>91</b>           | <b>(1,322)</b>          |
| <b>Net forward currency contracts at 31 March 2026</b>  |                 |                     |               |                     |                     | <b>(1,231)</b>          |

|                                                  |             |                 |
|--------------------------------------------------|-------------|-----------------|
| Prior year comparative:                          | Asset value | Liability value |
| Open forward currency contracts at 31 March 2025 | 1,172       | (116)           |
| Net forward currency contracts at 31 March 2025  |             | <b>1,056</b>    |

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

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

## 12 - Fair Value

### Basis of Valuation

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

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

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

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

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

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

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

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

## Fair Value Hierarchy

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

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

|          |   |   |   |   |
|----------|---|---|---|---|
| Property | - | - | - | - |
|----------|---|---|---|---|

Financial liabilities at a fair value through profit and loss -

|                                  |   |         |   |         |
|----------------------------------|---|---------|---|---------|
| Payable for investment purchases | - | (9,743) | - | (9,743) |
|----------------------------------|---|---------|---|---------|

|                        |         |         |   |         |
|------------------------|---------|---------|---|---------|
| Derivative Liabilities | (3,988) | (1,322) | - | (5,310) |
|------------------------|---------|---------|---|---------|

|                             |                  |                  |                  |                  |
|-----------------------------|------------------|------------------|------------------|------------------|
| <b>Net financial assets</b> | <b>2,981,038</b> | <b>1,997,349</b> | <b>1,120,457</b> | <b>6,098,845</b> |
|-----------------------------|------------------|------------------|------------------|------------------|

| Market Value as at 31/03/2025 | Quoted market price | Using observable inputs | With significant unobservable inputs |       |
|-------------------------------|---------------------|-------------------------|--------------------------------------|-------|
|                               | Level 1             | Level 2                 | Level 3                              | Total |
|                               | £000                | £000                    | £000                                 | £000  |

Financial assets at fair value through profit and loss -

|       |         |       |    |         |
|-------|---------|-------|----|---------|
| Bonds | 259,384 | 4,662 | 15 | 264,061 |
|-------|---------|-------|----|---------|

|          |           |   |   |           |
|----------|-----------|---|---|-----------|
| Equities | 2,199,085 | - | 8 | 2,199,093 |
|----------|-----------|---|---|-----------|

|              |         |           |         |           |
|--------------|---------|-----------|---------|-----------|
| Pooled Funds | 102,136 | 1,739,073 | 366,942 | 2,208,151 |
|--------------|---------|-----------|---------|-----------|

|                             |         |         |         |         |
|-----------------------------|---------|---------|---------|---------|
| Pooled Property Investments | 101,090 | 219,509 | 260,267 | 580,866 |
|-----------------------------|---------|---------|---------|---------|

|                      |     |       |   |       |
|----------------------|-----|-------|---|-------|
| Derivative contracts | 278 | 1,193 | - | 1,471 |
|----------------------|-----|-------|---|-------|

|               |         |        |   |         |
|---------------|---------|--------|---|---------|
| Cash deposits | 366,675 | 26,398 | - | 393,073 |
|---------------|---------|--------|---|---------|

|                       |        |     |    |        |
|-----------------------|--------|-----|----|--------|
| Investment Income due | 12,434 | 186 | 30 | 12,650 |
|-----------------------|--------|-----|----|--------|

|                              |   |       |   |       |
|------------------------------|---|-------|---|-------|
| Amounts receivable for sales | - | 3,353 | - | 3,353 |
|------------------------------|---|-------|---|-------|

|                         |     |      |   |     |
|-------------------------|-----|------|---|-----|
| Other Investment assets | 582 | (17) | - | 565 |
|-------------------------|-----|------|---|-----|

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

|          |   |   |   |   |
|----------|---|---|---|---|
| Property | - | - | - | - |
|----------|---|---|---|---|

Financial liabilities at a fair value through profit and loss -

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

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

|                             |                  |                  |                |                  |
|-----------------------------|------------------|------------------|----------------|------------------|
| <b>Net financial assets</b> | <b>3,040,804</b> | <b>1,886,877</b> | <b>627,262</b> | <b>5,554,943</b> |
|-----------------------------|------------------|------------------|----------------|------------------|

**12a Reconciliation of Fair Value Measurements within Level 3**

|                                    | Market<br>Value as at<br>31/03/2025<br>£000 | Transfers<br>in/out of<br>Level 3<br>£000 | Purchases<br>£000 | Sales<br>£000   | Unrealised<br>gains<br>(losses)<br>£000 | Realised<br>gains<br>(losses)<br>£000 | Market<br>Value as at<br>31/03/2026<br>£000 |
|------------------------------------|---------------------------------------------|-------------------------------------------|-------------------|-----------------|-----------------------------------------|---------------------------------------|---------------------------------------------|
| UK Property Funds                  | 260,297                                     | 231,101                                   | 102,284           | (47,458)        | 58,814                                  | 3,227                                 | 608,264                                     |
| Overseas Equities                  | 7                                           | -                                         | -                 | -               | -                                       | -                                     | 7                                           |
| UK quoted Diversified Alternatives | 15                                          | -                                         | -                 | (16)            | (15)                                    | 16                                    | -                                           |
|                                    | 258,876                                     | -                                         | 128,000           | -               | 10,023                                  | -                                     | 396,899                                     |
| Multi-Asset                        | 108,066                                     | -                                         | -                 | -               | 7,220                                   | -                                     | 115,287                                     |
| <b>Total</b>                       | <b>627,262</b>                              | <b>231,101</b>                            | <b>230,284</b>    | <b>(47,484)</b> | <b>76,042</b>                           | <b>3,242</b>                          | <b>1,120,457</b>                            |

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

Having analysed historical data and current market trends, and consulted with independent investment advisors (Isio), Tayside Pension Fund has determined that the valuation methods are likely to be accurate to within the following ranges and has set out the below consequent potential impact on the closing value of the investments held at 31 March 2026.

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



## 13 - Financial Instruments

### 13a Classification of Financial Instruments

Market Value as at 31/03/2025

| Designated as fair value through profit and loss | Loans and receivables | Financial liabilities at amortised cost |
|--------------------------------------------------|-----------------------|-----------------------------------------|
| £000                                             | £000                  | £000                                    |
| 264,061                                          | -                     | -                                       |
| 2,119,093                                        | -                     | -                                       |
| 1,949,276                                        | -                     | -                                       |
| 580,866                                          | -                     | -                                       |
| -                                                | -                     | -                                       |
| 258,876                                          | -                     | -                                       |
| 1,471                                            | -                     | -                                       |
| 26,509                                           | 366,564               | -                                       |
| 565                                              | 12,650                | -                                       |
| -                                                | 3,353                 | -                                       |
| <b>5,280,716</b>                                 | <b>382,567</b>        | -                                       |

|                  |                |                    |
|------------------|----------------|--------------------|
| (976)            | -              | -                  |
| -                | -              | -                  |
| -                | -              | (107,364)          |
| <b>(976)</b>     | -              | <b>(107,364)</b>   |
| <b>5,279,740</b> | <b>382,567</b> | <b>(107,364)</b>   |
| <b>5,554,943</b> |                | <b>Grand Total</b> |

Market Value as at 31/03/2026

| Designated as fair value through profit and loss | Loans and receivables | Financial liabilities at amortised cost |
|--------------------------------------------------|-----------------------|-----------------------------------------|
| £000                                             | £000                  | £000                                    |
| 277,393                                          | -                     | -                                       |
| 2,469,416                                        | -                     | -                                       |
| 2,168,031                                        | -                     | -                                       |
| 616,835                                          | -                     | -                                       |
| -                                                | -                     | -                                       |
| 396,899                                          | -                     | -                                       |
| 1,937                                            | -                     | -                                       |
| 46,938                                           | 114,196               | -                                       |
| 2,142                                            | 13,430                | -                                       |
| -                                                | 6,681                 | -                                       |
| <b>5,979,591</b>                                 | <b>134,307</b>        | -                                       |

|                  |                |                |
|------------------|----------------|----------------|
| (5,310)          | -              | -              |
| -                | -              | (1)            |
| -                | -              | (9,743))       |
| <b>(5,310)</b>   | -              | <b>(9,743)</b> |
| <b>5,974,281</b> | <b>134,307</b> | <b>(9,743)</b> |
| <b>6,098,845</b> |                |                |

## 13b Net Gains and Losses on Financial Instruments

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

## 14 - Stock Lending

The total amount of stock released to third parties under a stock lending arrangement as at 31 March 2026 was £108.7m (2025 £64.5m). These assets continue to be recognised in the Fund's financial statements. No liabilities are associated with the loaned assets. Stock lending commissions are remitted to the Fund via the custodian. During the period, the stock is on loan, the voting rights of the loaned stock pass to the borrower.

## 15 - Additional Voluntary Contributions (AVCs)

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

| Net Asset Value        | 31 March 2025 | 31 March 2026 |
|------------------------|---------------|---------------|
|                        | £000          | £000          |
| Prudential             | 14,595        | 18,947        |
| Standard Life          | 3,217         | 3,836         |
| Contributions Received | 2024/25       | 2025/26       |
|                        | £000          | £000          |
| Prudential             | 4,926         | 5,681         |
| Standard Life          | 327           | 436           |

## 16 - Actuarial Present Value of Promised Retirement Benefits

The actuarial value of the promised retirement benefits as at 31 March 2026, calculated in line with International Accounting Standard 19 (IAS19) assumptions, is estimated to be £3,535.3m (2025 £3,572.3m) which consists of both vested and non-vested benefits, where members have not reached their vesting period. Non-vested benefits have been assumed to have a negligible value. This figure is used for statutory accounting purposes by Tayside Pension Fund and complies with the requirements of IAS26. The figure is only prepared for the purposes of IAS26 and has no validity in other circumstances. In particular, it is not relevant for calculations undertaken for funding purposes and setting of contributions payable to the Fund.

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

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

| IAS19 Assumptions Used            | 2024/25 | 2025/26 |
|-----------------------------------|---------|---------|
|                                   | %       | %       |
| Inflation / pension increase rate | 2.95    | 2.90    |
| Salary increase rate              | 3.95    | 3.90    |
| Discount rate                     | 5.75    | 6.10    |

## 17 – Current Assets

|                                  | 2024/25       | 2025/26       |
|----------------------------------|---------------|---------------|
|                                  | £000          | £000          |
| Contributions Due from Employers | 10,386        | 10,330        |
| Cash and bank                    | 6,125         | 54,375        |
| Pending sales ledger income      | 65            | 90            |
| Miscellaneous debtors            | 415           | 441           |
| Unallocated                      |               | 2,073         |
|                                  | <u>16,990</u> | <u>67,309</u> |

## 18 – Current Liabilities

|                         | 2024/25      | 2025/26      |
|-------------------------|--------------|--------------|
|                         | £000         | £000         |
| Unpaid benefits         | 3,651        | 3,813        |
| Custodian fees          | 53           | 60           |
| Cash and bank           | 28           | 66           |
| Investment Manager Fees | 2,102        | 2,368        |
| Consultancy fees        | 25           | 43           |
| HMRC                    | 66           | -            |
| Audit Services          | 42           | 47           |
| Miscellaneous creditors | 37           | 26           |
|                         | <u>6,004</u> | <u>6,423</u> |

## 19 - Audit Fee & Other Services

The Fund have been subject to separate external and internal audits to that of the Council. The Fund incurred an external audit fee of £29,000 for the financial year. (2025 £32,790). During 2024/25 financial year the Fund received no other services from Audit Scotland. The Fund also incurred internal audit fees of £91,000 from PwC (2025 £42,379)

## 20 – Management Expenses

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

## 21 – Investment Expenses

|                                | 2024/25    | 2025/26      |
|--------------------------------|------------|--------------|
|                                | £000       | £000         |
| Management fees                | 9,911      | 10,380       |
| Custody fees                   | 77         | 125          |
| Performance monitoring service | 28         | 21           |
| Investment consultancy         | 101        | 170          |
| Commission recapture           | (2)        | -            |
| Transaction costs              | <u>959</u> | <u>1,402</u> |

|                                                                    | 11,074          | 12,098            |
|--------------------------------------------------------------------|-----------------|-------------------|
| Investment Management fees as a percentage of Net Financial Assets | 0.20%           | 0.20%             |
|                                                                    | Management fees | Transaction costs |
|                                                                    | £000            | £000              |
| Bonds                                                              | 687             | -                 |
| Equities                                                           | 6,556           | 1,402             |
| Pooled investments                                                 | 425             | -                 |
| Property                                                           | 2,659           | -                 |
| Alternatives                                                       | -               | -                 |
| Securities Lending                                                 | 52              | -                 |
|                                                                    | 10,380          | 1,402             |
| Custody fees                                                       |                 | 146               |
| Consultancy fees                                                   |                 | 170               |
| Total                                                              |                 | 12,098            |

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

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

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

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

### Market Risk

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

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

### Other Price Risk

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

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

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

## Other price risk – sensitivity analysis

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

|                       | Potential Market Movement |
|-----------------------|---------------------------|
|                       | +/- per annum             |
| <b>Equities</b>       |                           |
| UK                    | 19.0%                     |
| Emerging Markets      | 26.0%                     |
| Global                | 19.0%                     |
| <b>Bonds</b>          |                           |
| UK Index-Linked Gilts | 12.5%                     |
| UK Gilts              | 13.5%                     |
| UK Corporate          | 13.0%                     |
| Multi-asset Credit    | 9.0%                      |
| Other                 | 9.0%                      |
| <b>Property</b>       | 13.0%                     |
| <b>Alternatives</b>   | 18.0%                     |
| <b>Cash</b>           | 2.0%                      |

Source: ISIO

Potential price changes are determined based on the historical volatility of asset class returns and expected future returns. The potential volatilities are consistent with a one standard deviation movement in the change in value of the assets and are based on the investment adviser's 10-year capital market assumptions for asset class volatilities as at 31 March 2026. If the market price of the Fund's investments increases/decreases in line with the above, the change in the net assets available to pay benefits in the market price could be as follows:

|                       |               |          | Potential change in year in the net assets available to pay benefits |                                |
|-----------------------|---------------|----------|----------------------------------------------------------------------|--------------------------------|
|                       | Value £       | % Change | Favourable Market Movement £                                         | Unfavourable Market Movement £ |
| <b>Equities</b>       |               |          |                                                                      |                                |
| UK                    | 291,957,165   | 19.0%    | 347,429,026                                                          | 236,485,304                    |
| Emerging Markets      |               | 26.0%    | -                                                                    | -                              |
| Global                | 3,865,624,434 | 19.0%    | 4,600,093,076                                                        | 3,131,155,791                  |
| <b>Bonds</b>          |               |          | -                                                                    | -                              |
| UK Index-Linked Gilts | 107,804,486   | 12.5%    | 121,280,047                                                          | 94,328,925                     |
| UK Gilts              | -             | 13.5%    | -                                                                    | -                              |

|                     |             |       |             |             |
|---------------------|-------------|-------|-------------|-------------|
| UK Corporate        | 91,464,682  | 13.0% | 103,355,091 | 79,574,274  |
| Multi-asset Credit  | 115,286,820 | 9.0%  | 125,662,634 | 104,911,006 |
| Other               | 440,560,252 | 9.0%  | 480,210,675 | 400,909,829 |
| <b>Property</b>     | 616,835,182 | 13.0% | 697,023,755 | 536,646,608 |
| <b>Alternatives</b> | 396,898,998 | 18.0% | 468,340,817 | 325,457,178 |
| <b>Cash</b>         | 172,412,824 | 2.0%  | 175,861,080 | 168,964,567 |

Source: ISIO/Northern Trust

### Interest rate sensitivity analysis

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

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

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

The Fund's direct exposure to interest rate movement as at 31 March 2026 is set out below. These disclosures present interest rate risk based on the underlying financial assets at fair value.

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

| Asset Type                              | Carrying amount as at 31 March 2026 (£) | Potential change in year in the net assets available to pay benefits £ |                   |
|-----------------------------------------|-----------------------------------------|------------------------------------------------------------------------|-------------------|
|                                         |                                         | 100bps                                                                 | -100bps           |
| Fixed Interest Securities               | 649,453,618                             | (15,573,717)                                                           | 15,573,717        |
| Index-Linked Securities                 | 107,804,486                             | (17,787,740)                                                           | 17,787,740        |
| Cash                                    | 161,133,785                             | -                                                                      | -                 |
| <b>Total change in assets available</b> | <b>918,391,888</b>                      | <b>(33,361,457)</b>                                                    | <b>33,361,457</b> |

Source: Northern Trust

A 1% increase in interest rates will not affect the interest received on fixed interest assets but will reduce their fair value and vice versa. A 1% increase in interest rates may potentially increase the interest rate income received on cash and cash equivalents by £1,611,338 and vice versa.

### Currency Risk

Currency risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund is exposed to currency risk on financial instruments that are denominated in any currency other than the functional currency of the Fund (£UK). The Fund does not have a currency hedging programme, but individual investment managers may hedge some currencies from time to time on a tactical basis. As any hedging could be temporary, the analysis below does not allow for any currencies that are hedged on 31 March 2026. The Fund is invested in equities and bonds that are denominated in currencies other than GBP. The following table summarises the Fund's currency exposure on 31 March 2026:

| Currency exposure – asset type | Asset value (£) |
|--------------------------------|-----------------|
|--------------------------------|-----------------|

|                                       | 31 March 2025        |
|---------------------------------------|----------------------|
| Overseas quoted securities            | 2,177,459,035        |
| Overseas unit trusts                  | 1,688,165,398        |
| Overseas public sector bonds (quoted) | 4,651,206            |
| Overseas corporate bonds (quoted)     | 177,555,914          |
| <b>Total Overseas assets</b>          | <b>4,047,831,553</b> |

Source: Northern Trust

### Credit risk

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

The Fund has an Annual Treasury Strategy which sets out the approach to credit risk for internally managed funds. Deposits are not made with banks and financial institutions unless they are rated independently and meet the Fund's credit criteria. The Fund has also set limits as to the maximum percentage of the deposits placed with any one class of financial institution. The Fund believes it has managed its exposure to credit risk, and the Fund has had no experience of default or uncollectable deposits over the past five financial years. The cash holding under its treasury management arrangements at 31 March 2026, including current account cash, was £7.614m (2025: £6.157m). This was held with the following institutions -

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

### Liquidity Risk

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

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

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

The items in the net assets statement as at 31 March 2026 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows -

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

#### Uncertainties



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

| <b>Effect if actual results differ from assumptions</b> | <b>£000</b>    | <b>£000</b>    |
|---------------------------------------------------------|----------------|----------------|
| Present value of total obligation                       | 3,535,256      |                |
| <b>Sensitivity to</b>                                   | <b>+0.1%</b>   | <b>-0.1%</b>   |
| Discount rate                                           | 3,484,910      | 3,586,816      |
| Long term salary increases                              | 3,540,061      | 3,530,481      |
| Pension increases and deferred revaluation              | 3,582,067      | 3,489,534      |
| <b>Sensitivity to</b>                                   | <b>+1 year</b> | <b>-1 year</b> |
| Life expectancy assumptions                             | 3,672,033      | 3,430,188      |

## Financial Assets and Liabilities measured at fair value

### Uncertainties

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

## 24 - Contingent Liabilities

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

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

**GMP Equalisation.** Remediation adjustments were completed by Tayside Pension Fund during 2025/26. It is assumed that all increases on GMPs for members reaching State Pension age after 6 April 2016 will be paid for by LGPS employers in the Fund.

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

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

complete. Until this analysis is complete, we are unable to conclude whether there is any impact on the assessed actuarial present value of promised retirement benefits under IAS 26, or if it can be reliably estimated. As a result, Tayside Pension Fund does not consider it necessary to make any allowance for the potential impact of the Virgin Media case in the disclosure of the actuarial present value of promised retirement benefits in its financial statements.

## **25 – Post Balance Sheet Event**

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

## FUNDING

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

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

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

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

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

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

[Funding Strategy Statement June 2025 | Tayside Pension Fund](#)



# Tayside Pension Fund

Actuary's Statement as at 31 March 2026

**Barnett Waddingham LLP**

## Introduction

The last full triennial valuation of the Tayside Pension Fund ("the Fund") was carried out as at 31 March 2023 as required by Regulation 60 of the Local Government Pension Scheme (Scotland) Regulations 2014 and in accordance

with the Funding Strategy Statement of the Fund. The results were published in the triennial valuation report dated 27 March 2024.

## Asset value and funding level

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

## Contribution rates

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

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

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

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

## Assumptions

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

### Assumptions as at 31 March 2023

|                                                 |                                                                                                                                                                                                                             |
|-------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Discount rate                                   | 4.3% p.a.                                                                                                                                                                                                                   |
| Salary increases                                | 3.7% p.a.                                                                                                                                                                                                                   |
| Pension increases                               | 2.7% p.a.                                                                                                                                                                                                                   |
| Post-retirement mortality (member) – base table | Male/Female<br>105% / 115% of the S3PA_H tables                                                                                                                                                                             |
| Allowance for improvement in life expectancy    | CMI 2022 Model with a long term rate of improvement of 1.25% p.a., a smoothing parameter of 7.0, an initial addition to improvements of 0.0% p.a. and weighting parameters of 0%, 0% and 25% for 2020-2022 respectively.    |
| Retirement age                                  | For each tranche of benefit, the “tranche retirement age” is the earliest age a member could retire with unreduced benefits. Each member is assumed to retire at the weighted average of these for all tranches of benefit. |
| Allowance for cash commutation                  | Members will commute pension at retirement to provide a lump sum of 50% of the maximum allowed under HMRC rules and this will be at a rate of £12 lump sum for £1 of pension                                                |

## Updated position

### Assets

Returns over the year to 31 March 2026 have been higher than expected. As at 31 March 2026, in market value terms, the Fund assets were more than they were projected to be based on the previous valuation.

### Liabilities

The key assumption which has the greatest impact on the valuation of liabilities is the real discount rate (the discount rate relative to CPI inflation) – the higher the real discount rate the lower the value of liabilities. As at 31 March 2026, the real discount rate calculated using the same methodology as at 31 March 2023 but updated for changes in market conditions is lower than at the 2023 valuation. This has increased the liabilities.

The value of liabilities will have further increased since the 2023 triennial valuation due to interest accrued over the period as well as actual inflation being higher than previously anticipated. Accrued benefits increased by 3.8% in line with the 2026 pension increase order, which is higher than the pension increase assumption at the previous valuation, increasing the liabilities further. Over the whole period since 31 March 2023 pension increases have been higher than expected.

### Overall position

On balance, we estimate that at 31 March 2026 there is a sufficient volatility reserve to maintain the funding level at the previous valuation level of 110% using assumptions consistent with those adopted at the 2023 valuation.

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

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

**Hagen Eichel FFA**  
**Senior Consulting Actuary, Barnett Waddingham LLP**

## STATEMENT OF INVESTMENT PRINCIPLES & INVESTMENT BELIEFS

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

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

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

## STATEMENT OF INVESTMENT BELIEFS

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

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

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

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

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

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



## INVESTMENT STRATEGY

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

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

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

Asset Allocation as at 31 March 2026 was as follows:

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

| Revised benchmarks effective 1/4/25                           |                                              |                                                                       |                                  |
|---------------------------------------------------------------|----------------------------------------------|-----------------------------------------------------------------------|----------------------------------|
| Tayside Main Fund - Strategic Benchmark for Investment Return |                                              |                                                                       |                                  |
| 7.9%p.a. or CPI + 5.2% (based on CPI 2.7% at 31/3/23)         |                                              |                                                                       |                                  |
| EQUITIES                                                      | FIXED INCOME                                 | PROPERTY                                                              | ALTERNATIVES                     |
| 11%: FTSE All Share                                           | 15%: SONIA + 5.3%                            | 100%: IPD All<br>Balanced Property<br>Funds Weighted<br>Average Index | 100%: 6% p.a.<br>absolute return |
| 19%: MSCI ACWI GD                                             | 35%: iBoxx Sterling<br>non-gilt index + 0.5% |                                                                       |                                  |
| 31%: MSCI ACWI ND                                             |                                              |                                                                       |                                  |
| 18%: FTSE All World                                           |                                              |                                                                       |                                  |

|                                                               |                                           |                                                              |                               |
|---------------------------------------------------------------|-------------------------------------------|--------------------------------------------------------------|-------------------------------|
|                                                               | 36%: ML Sterling Non-Gilts Index          |                                                              |                               |
| 21%: Solactive L&G ESG Global Markets Index                   | 14%: FTSE Index-Linked Over 5yr Index     |                                                              |                               |
| Revised benchmarks effective 1/4/25 to 1/12/25                |                                           |                                                              |                               |
| Tayside Main Fund - Strategic Benchmark for Investment Return |                                           |                                                              |                               |
| 7.9%p.a. or CPI + 5.2% (based on CPI 2.7% at 31/3/23)         |                                           |                                                              |                               |
| EQUITIES                                                      | FIXED INCOME                              | PROPERTY                                                     | ALTERNATIVES                  |
| 11%: FTSE All Share                                           | 15%: SONIA + 5.3%                         | 100%: IPD All Balanced Property Funds Weighted Average Index | 100%: 6% p.a. absolute return |
| 19%: MSCI ACWI GD                                             | 35%: iBoxx Sterling non-gilt index + 0.5% |                                                              |                               |
| 31%: MSCI ACWI ND                                             |                                           |                                                              |                               |
| 18%: FTSE All World                                           | 36%: ML Sterling Non-Gilts Index          |                                                              |                               |
| 21%: Solactive L&G ESG Global Markets Index                   | 14%: FTSE Index-Linked Over 5yr Index     |                                                              |                               |

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

| <b>Portfolio Benchmarks</b>     |                           |                  |                                                                            |                                         |
|---------------------------------|---------------------------|------------------|----------------------------------------------------------------------------|-----------------------------------------|
| <b>Manager</b>                  | <b>Asset Class</b>        | <b>Weighting</b> | <b>Current Benchmark</b>                                                   | <b>Performance Target (3yr rolling)</b> |
| 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<br>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<br>28% FTSE Index-Linked Over 5 Year Index | + 0.65% pa (gross of fees)              |
| Schroders                       | Property (UK)             | 12%              | 100% IPD All Balanced Property Funds Weighted Average Index                | + 0.75% pa                              |
| Partners Group                  | Diversified Alternatives  | 5%               | 6% p.a. absolute return                                                    | N/A                                     |
| GSAM                            | Real Estate Credit        | <1%              | UK CPI + 9%                                                                |                                         |
| Northern Trust                  | Securities Lending        | Circa 70%        | N/A                                                                        | 0.026% pa                               |

| Portfolio Benchmarks            |                           |           |                                                                            |                                      |
|---------------------------------|---------------------------|-----------|----------------------------------------------------------------------------|--------------------------------------|
| Manager                         | Asset Class               | Weighting | Current Benchmark                                                          | Performance Target (3yr rolling)     |
| Fidelity                        | Global Equities (active)  | 22%       | 100% MSCI AC World ND Index                                                | + 2% pa (gross of fees)              |
| Baillie Gifford Global Alpha    | Global Equities (active)  | 12.5%     | 100% MSCI AC World GD Index                                                | + 2% pa (gross of fees)              |
| Baillie Gifford UK              | UK Equities (active)      | 7.5%      | 100% FTSE All Share Index                                                  | + 1.5% pa (gross of fees)            |
| Baillie Gifford Positive Change | Global Equities (active)  | 1%        | 100% MSCI AC World GD Index                                                | + 2% pa (gross of fees)              |
| LGIM                            | Global Equities (passive) | 27%       | 46% FTSE All World<br>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<br>28% FTSE Index-Linked Over 5 Year Index | + 0.65% pa (gross of fees)           |
| Schroders                       | Property (UK)             | 12%       | 100% IPD All Balanced Property Funds Weighted Average Index                | + 0.75% pa                           |
| Partners Group                  | Diversified Alternatives  | 5%        | 6% p.a. absolute return                                                    | N/A                                  |
| GSAM                            | Real Estate Credit        | <1%       | UK CPI + 9%                                                                |                                      |
| Northern Trust                  | Securities Lending        | Circa 70% | N/A                                                                        | 0.026% pa                            |

| Revised benchmarks effective 1/12/25                          |                                              |                                                                       |                                  |
|---------------------------------------------------------------|----------------------------------------------|-----------------------------------------------------------------------|----------------------------------|
| Tayside Main Fund - Strategic Benchmark for Investment Return |                                              |                                                                       |                                  |
| 7.9%p.a. or CPI + 5.2% (based on CPI 2.7% at 31/3/23)         |                                              |                                                                       |                                  |
| EQUITIES                                                      | FIXED INCOME                                 | PROPERTY                                                              | ALTERNATIVES                     |
| 4%: FTSE All Share                                            | 15%: SONIA + 5.3%                            | 100%: IPD All<br>Balanced Property<br>Funds Weighted<br>Average Index | 100%: 6% p.a.<br>absolute return |
| 26%: MSCI ACWI GD                                             | 35%: iBoxx Sterling<br>non-gilt index + 0.5% |                                                                       |                                  |
| 31%: MSCI ACWI ND                                             |                                              |                                                                       |                                  |
| 39%: Solactive L&G<br>ESG Global Markets<br>Index             | 36%: ML Sterling Non-<br>Gilts Index         |                                                                       |                                  |
|                                                               | 14%: FTSE Index-<br>Linked Over 5yr Index    |                                                                       |                                  |

| Portfolio Benchmarks         |                           |           |                                                                            |                                      |
|------------------------------|---------------------------|-----------|----------------------------------------------------------------------------|--------------------------------------|
| Manager                      | Asset Class               | Weighting | Current Benchmark                                                          | Performance Target (3yr rolling)     |
| Fidelity                     | Global Equities (active)  | 22%       | 100% MSCI AC World ND Index                                                | + 2% pa (gross of fees)              |
| Baillie Gifford Global Alpha | Global Equities (active)  | 18%       | 100% MSCI AC World GD Index                                                | + 2% pa (gross of fees)              |
| Baillie Gifford UK           | UK Equities (active)      | 3%        | 100% FTSE All Share Index                                                  | + 1.5% pa (gross of fees)            |
| LGIM                         | Global Equities (passive) | 27%       | 100% Solactive L&G ESG Global Markets Index                                | +/- 0.5% p.a. (for 2 years out of 3) |
| Apollo                       | Multi-Asset Credit        | 2%        | SONIA                                                                      | +5.3% p.a. (net of fees)             |
| LGIM                         | Buy and Maintain          | 4.5%      | iBoxx Sterling non-gilt index                                              | +0.5% p.a. (net of fees)             |
| Fidelity                     | Fixed Income (UK)         | 6.5%      | 72% ML Sterling Non-Gilts Index<br>28% FTSE Index-Linked Over 5 Year Index | + 0.65% pa (gross of fees)           |
| Schroders                    | Property (UK)             | 12%       | 100% IPD All Balanced Property Funds Weighted Average Index                | + 0.75% pa                           |
| Partners Group               | Diversified Alternatives  | 5%        | 6% p.a. absolute return                                                    | N/A                                  |
| GSAM                         | Real Estate Credit        | <1%       | UK CPI + 9%                                                                |                                      |
| Northern Trust               | Securities Lending        | Circa 70% | N/A                                                                        | 0.026% pa                            |

## INVESTMENT PERFORMANCE

### Market Commentary

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

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

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

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

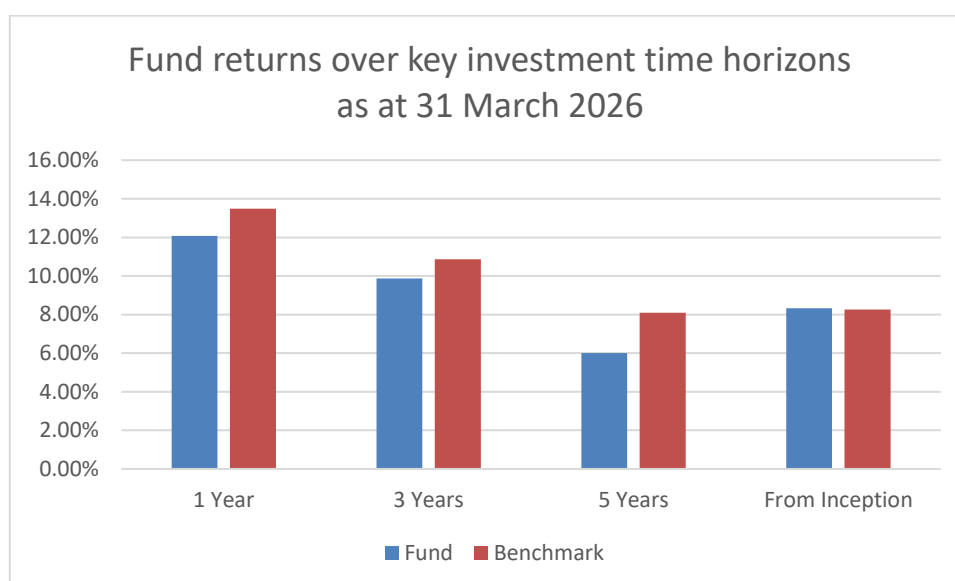
Fixed interest gilts (FTSE Gilts Over 15 years) and index-linked gilts (FTSE Index Linked Gilts Over 5 years) returned 0.4% and 3.8% over the period, respectively.

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

## FUND PERFORMANCE

### Performance Commentary

In the year to 31 March 2026, the Fund achieved positive return of 12.1%, whilst the benchmark return was 13.5%. The Fund value increased from £5.566bn to £6.160bn at end of March 2026. The following graph details the performance of the fund across all periods:



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

**Baillie Gifford Global Equities** – was behind benchmark with a positive return of 10.48% versus 17.97% for the benchmark.

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

The portfolio had another challenging year. Growth style investors have struggled to achieve additional returns over a highly concentrated equity market, with stock selection continuing to be a key detractor for the portfolio. While underperformance relative to benchmark has been disappointing and sustained, within growth-focused active managers, Baillie Gifford continues to perform in line with its peers.

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

**Baillie Gifford UK Equities** - was significantly behind benchmark with a positive return of 7.99% versus 21.54% for the benchmark.

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

This was another challenging year for this portfolio. The UK market saw a notable recovery over the period, benefitting from its bias to well-performing sectors including defence and energy. The portfolio continues to lag the benchmark significantly, largely as a consequence of stock selection.

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

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

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

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

a change in management at the beginning of the previous reporting year, with the new portfolio management team continuing the process of settling in.

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

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

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

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

**Fidelity Bond** – The portfolio was ahead of benchmark with a return of 4.86% versus 4.23% for the benchmark. The portfolio continues to take a relatively defensive position, outperforming benchmark in all reported time periods.

**LGIM Buy and Maintain** – The portfolio was marginally behind benchmark with a return of 4.25% versus 4.42% for the benchmark. Whilst this is an actively managed mandate, the bonds within the portfolio are expected to be held over the long-term. The mandate was introduced to the portfolio in February 2024 and has outperformed the benchmark by 0.04% to date. The strategy of this portfolio is to purchase bonds at a desired yield and hold to maturity.

**Apollo Total Return** – The portfolio was ahead of benchmark with a return of 6.10% versus 4.15% for the benchmark. This mandate was introduced to the portfolio in February 2024 and has outperformed the benchmark since its implementation in the Fund. The strategy of this portfolio to invest across a wide range of global credit markets, such as corporate bonds, loans, and emerging market debt. It focuses on credit spreads rather than interest rates, aiming to deliver consistent returns with lower volatility and downside risk.

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

**Schroders Property** – The portfolio was behind benchmark with a return of 2.91% versus 4.29% for the benchmark.

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

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

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

## Portfolio Transitions

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

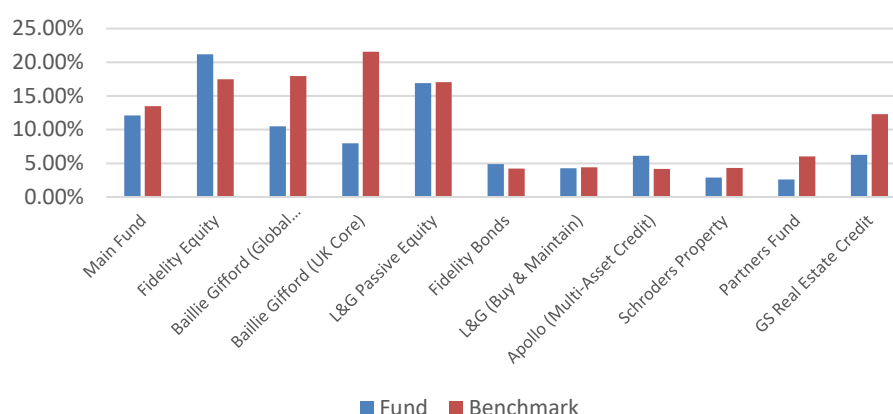
- Baillie Gifford Positive Change – termination of portfolio in Q3 2025. Proceeds from the disinvestment were used for ongoing cashflow requirements for the Fund
- Baillie Gifford UK Core strategy – partial disinvestment to revised strategic allocation of 3% of assets (disinvestment of c.£194m) in Q4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



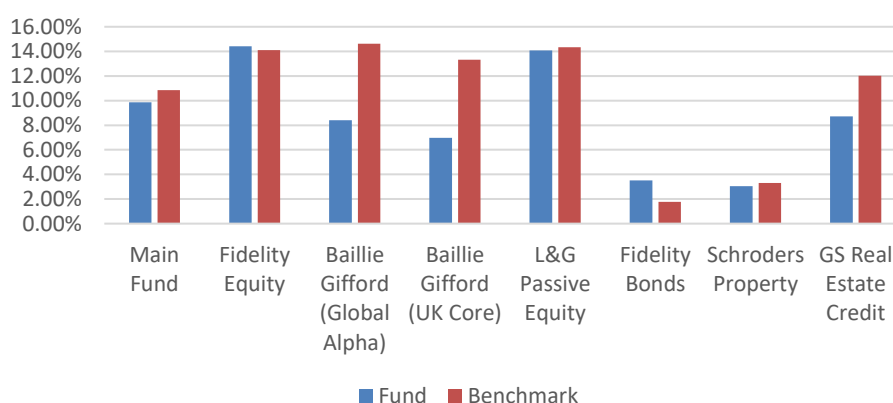
### Performance Measurement

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

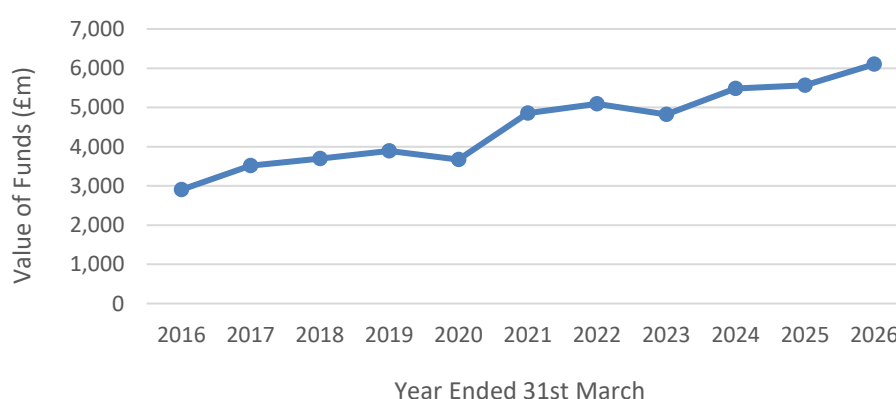
Annual returns by Investment Manager as at 31 March 2026



Annualised Return by Investment Manager  
3 years to 31 March 2026



Tayside Pension Fund asset value over 10 years  
to 31 March 2026





## ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE

### RESPONSIBLE INVESTING

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

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

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

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

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

### POLICY ON ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE

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

[ESG Policy](#)

## CLIMATE FOCUS

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

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

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



#### Governance

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

#### Strategy

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

#### Risk Management

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

#### Metrics and Targets

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

### Governance

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

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

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

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

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

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

### Strategy

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

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

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

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

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

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

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

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

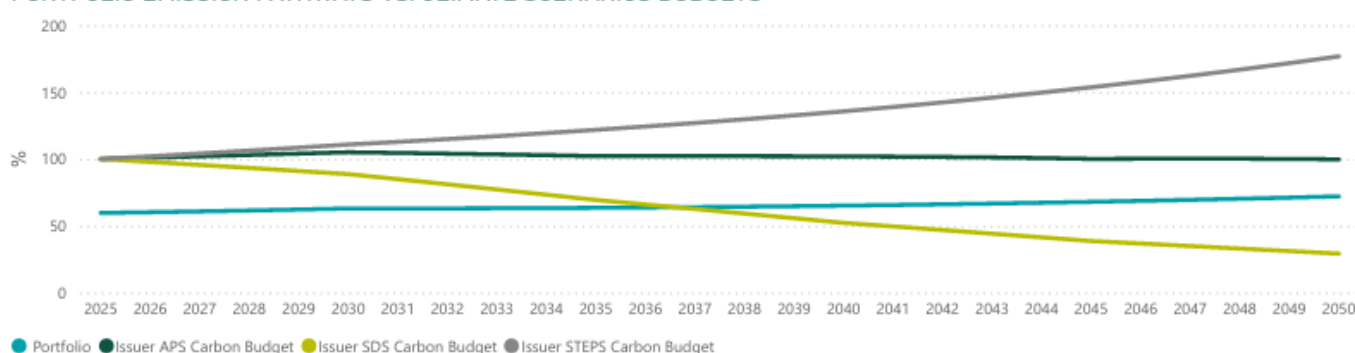
The basis for strategy and financial planning is the triennial actuarial valuation of the Fund. As part of the 2023 valuation and modelling process, the Fund's actuary will complete an analysis of the impact of climate risk on the Fund's liabilities, assets, and operating costs.

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

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

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

#### PORTFOLIO EMISSION PATHWAYS VS. CLIMATE SCENARIOS BUDGETS



#### Risk

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

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

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

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

Cause of risk:

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

Impact:

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

Consequences:

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

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

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

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

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

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

### Metrics & Targets

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

Tayside Pension Fund have engaged with their custodians to provide carbon footprint data and analysis. For all listed equities and bond portfolios, this exercise has enabled the identification of the top 10 assets responsible for contributing to the carbon footprint of that portfolio as shown below as at 31 December 2024. Portfolio managers

also provide this information on a quarterly basis. The Fund is committed to repeating this exercise on a bi-annual basis and investigating the inclusion of other asset classes in addition to listed equities and bonds.

| Top 10 Positions by Weight |                                              |             |                    |
|----------------------------|----------------------------------------------|-------------|--------------------|
| Rank                       | Issuer                                       | % Portfolio | Carbon Risk Rating |
| 1                          | Microsoft Corporation                        | 4.12%       | 86.00              |
| 2                          | NVIDIA Corporation                           | 3.82%       | 84.00              |
| 3                          | Alphabet Inc.                                | 3.25%       | 80.00              |
| 4                          | Amazon.com, Inc.                             | 2.58%       | 71.00              |
| 5                          | Meta Platforms, Inc.                         | 2.05%       | 78.00              |
| 6                          | Taiwan Semiconductor Manufacturing Co., Ltd. | 2.03%       | 72.00              |
| 7                          | Apple Inc.                                   | 1.98%       | 74.00              |
| 8                          | JP Morgan Chase & Co.                        | 1.41%       | 65.00              |
| 9                          | Prosus NV                                    | 1.35%       | 71.00              |
| 10                         | Mastercard Incorporated                      | 1.26%       | 74.00              |

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

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

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

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

## DATA QUALITY

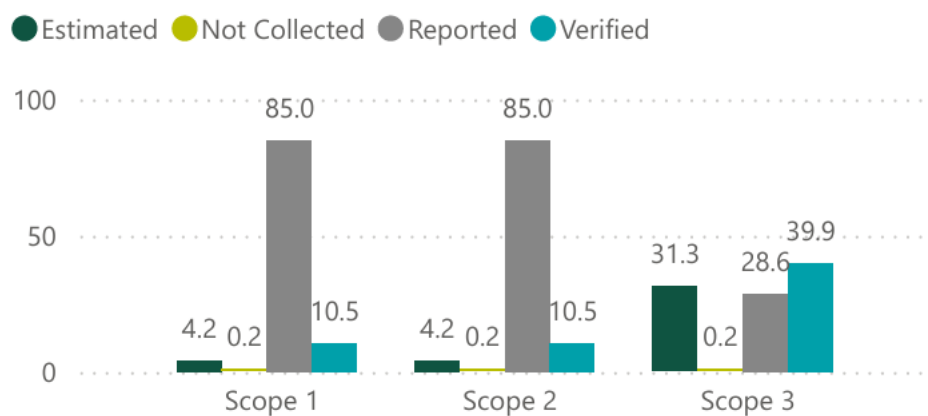


Chart values are shown in percentage (%) format

Percentages may not total 100 due to rounding

Summary findings of this analysis by mandate as at 31 December 2025 are as follows:

## CARBON EMISSIONS

|           | Coverage % |        | Total Carbon Emissions (tCO <sub>2</sub> e) |          |             |           |             |
|-----------|------------|--------|---------------------------------------------|----------|-------------|-----------|-------------|
|           | Number     | Weight | Scope 1                                     | Scope 2  | Scope 3     | Scope 1+2 | Scope 1+2+3 |
| Portfolio | 90.3       | 96.8   | 93,777.3                                    | 24,706.2 | 1,981,789.4 | 118,483.5 | 2,100,272.9 |
| Benchmark | 99.1       | 99.3   | 590,038.8                                   | 98,806.0 | 5,204,575.7 | 688,844.8 | 5,893,420.6 |

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

**Carbon Footprint** (tCO<sub>2</sub>e) / GBPm Invested

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

**Weighted Average Carbon Intensity** (tCO<sub>2</sub>e) / GBPm Revenue

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

**CARBON METRICS BY MANAGER****TOTAL CARBON EMISSIONS** (tCO<sub>2</sub>e)

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

**CARBON FOOTPRINT** (tCO<sub>2</sub>e) / GBPm Invested

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



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

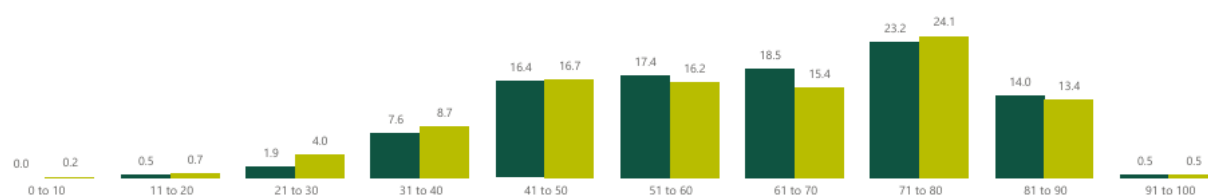
| Manager                   | Coverage %     |        |        |         |         |         |           |             |
|---------------------------|----------------|--------|--------|---------|---------|---------|-----------|-------------|
|                           | % of Portfolio | Number | Weight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

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

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

**CARBON RISK RATING SUMMARY****RISK DISTRIBUTION %**

● Portfolio ● Benchmark



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

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

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



## SCHEME MEMBERSHIP AND BENEFITS

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

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

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

### Scheme Membership

The following table summarises the scheme membership.

| Status                       | Total at 31/3/2025 | Total at 31/3/2026 |
|------------------------------|--------------------|--------------------|
| Active                       | 19,232             | 19,809             |
| Deferred / Undecided/ Frozen | 20,207             | 20,709             |
| Pensioners (Inc. dependents) | 19,497             | 20,247             |
| Total                        | 58,936             | 60,765             |

## PENSION ADMINISTRATION STRATEGY

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

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

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

## COMMUNICATIONS POLICY

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

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

The Communications Policy was approved by the Pension Sub-Committee on 23<sup>rd</sup> March 2026 and subsequently published to the Fund website. The document can also be viewed at: <https://www.taysidepensionfund.org/media/jtcccmkg/83-2026-communication-policy-230326.pdf>

## SCHEME DISCRETIONS POLICY

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

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

## ADMINISTRATION EVENTS & PERFORMANCE

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

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

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

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

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

### Performance

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

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

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

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

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

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

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

## 2025/26 Events

- **Payment of contributions by scheme employers**

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

The Internal control measure of the 19<sup>th</sup> of month following deduction is also maintained, and during the period there were 10 instances of payment after the 19<sup>th</sup> recorded. These employers were contacted in relation to the late payments, and this issue was quickly addressed.

- **Annual Benefit Statements**

Annual Benefit statements were published in August 2025 on the Member Self Service (MSS) portal to allow members to view information as they require. Emails were issued to all registered members to advise the statement was available for viewing.

Prior to publication, all active and deferred members who were not already ready registered for MSS were issued with activation keys and portal instructions to register. However, paper copies remain available on request and 9% of members opted for this.

- **Annual Allowance**

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

- **National Fraud Initiative**

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

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

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

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

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

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

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

- **Pension Dashboards**

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

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

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

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

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

- **Tiered Contributions Rate Guidance**

Under the Local Government Pension Scheme (Scotland) Regulations 2014, the earnings ranges used to determine annual contributions rates are to be increased each year by any increase applied to pension under the Pensions (Increase) Act 1971. In March 2025, the SPPA amended the guidance to reflect the above and a copy of this guidance was forwarded to all scheme employers. This guidance came into effect from 1 April 2025.

- **Employer Communications**

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

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

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

## I-Connect

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

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

## Member Self Service

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

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

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

### • Data Quality

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

TPR has set targets for common data of:

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

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

TPR requires schemes to:

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

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

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

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

|                            |        |
|----------------------------|--------|
| Common data score          | 97.30% |
| Scheme specific data score | 95.63% |

|                                                                                                                                               |        |
|-----------------------------------------------------------------------------------------------------------------------------------------------|--------|
| Percentage of active, deferred and pensioner members recorded as 'gone away' with no home address held, or address is known to be out of date | 3%     |
| Percentage of active, deferred and pensioner members with an email address held on file                                                       | 52.60% |

## • Communication

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

|                                                           |        |
|-----------------------------------------------------------|--------|
| <b>Communication</b>                                      |        |
| Total number of telephone calls received in year          | 11,145 |
| Total number of email and online channel queries received | 21,450 |

## • Website

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

## • Meetings, User Groups and Forums

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

## • Payment of Pensions

Tayside Pension Fund continues to operate two monthly payrolls to retiring members. The main payroll is on the 20th of each month, with the legacy payroll on the last working day of each month. During 2025/26 all monthly pension payroll payments were made on their due date.

## • CARE Scheme Revaluation

The Local Government Pension Scheme (Scotland) Regulations 2015 require that pension accounts built up from 1 April 2015 are revalued at the end of each scheme year. The Order published provided for a 1.7% revaluation with effect from 1 April 2025.

## • Pension Increase

Pensions in payment and those in deferment are indexed annually based on the annual change in the Consumer Price Index (CPI) measured as at the previous September. The Order provided for a 1.7% increase with effect from 6 April 2025. The increase was applied to member benefits with effect from 8<sup>th</sup> April 2025.

## • Tiered Contributions Rate Guidance

Under the Local Government Pension Scheme (Scotland) Regulations 2014 the earnings ranges used to determine annual contributions rates are to be increased each year by any increase applied to pension under the Pensions (Increase) Act 1971. In March 2025, the SPPA amended the guidance to reflect the above and this became effective from 1 April 2025.



## • Staffing

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

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

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

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

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

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

## • IDPR and Complaints received

| Complaints and disputes received during 2025/26 | Received | Upheld | Rejected |
|-------------------------------------------------|----------|--------|----------|
| Formal recorded complaints received             | 12       | 12     | 0        |
| Formal disputes received (stage 1)              | 6        | 2      | 4        |
| Formal disputes received (stage 2)              | 2        | 1      | 1        |
| Pension Ombudsman cases received                | 0        | 0      | 0        |

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

## • Consultations

Consultation on changes to the LGPS Regulations

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

The consultation includes proposals in relation to:

- death grants
- the gender pensions gap



- opt-outs
- forfeiture
- McCloud
- small pot payments
- lifetime allowance abolition
- refunds
- retained EU Law 4
- Neonatal Care Leave
- concurrent membership aggregation
- the right to use AVCs to buy added pension.

## Legislation Update

During 2025/26 the following legislation came into effect:

| Instrument      | Title                                                                                                                                           | Topic                                                                                                                                                                                           | Link                                                                                                                                                                                |
|-----------------|-------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| SI2025- 264     | The Guaranteed Minimum Pensions Increase Order 2025                                                                                             | Increases value of GMPs within system 3% increase applied.                                                                                                                                      | <a href="#">The Guaranteed Minimum Pensions Increase Order 2025</a>                                                                                                                 |
| SI2025- 343     | The Pension Increase Review Order 2025                                                                                                          | Pensions in payment and deferment is indexed annually based on the annual change in Consumer Price Index (CPI) as at the previous September. 1.7% increase was applied.                         | <a href="#">The Pensions Increase (Review) Order 2025</a>                                                                                                                           |
| SI2025- 288     | The Social Security (Contributions) (Limits and Thresholds, National Insurance Fund Payments and Extension of Veterans Relief) Regulations 2025 | For employer action – relates to national insurance thresholds                                                                                                                                  | <a href="#">The Social Security (Contributions) (Rates, Limits and Thresholds Amendments, National Insurance Funds Payments and Extension of Veteran's Relief) Regulations 2025</a> |
| SI2025- 252     | The Public Service Pensions Revaluation Order 2025                                                                                              | Order provided for a 1.7% increase to be applied to CARE benefits                                                                                                                               | <a href="#">The Public Service Pensions Revaluation Order 2025</a>                                                                                                                  |
| SI2025- 255     | The Social Security Revaluation of Earnings Factors Order 2025                                                                                  | For employer action – relates to level of national insurance contributions being in line with earnings in relation to GMP                                                                       | <a href="#">The Social Security Revaluation of Earnings Factors Order 2025</a>                                                                                                      |
| SI2025-348      | The Employment Rights (Increase of Limits) Order 2025                                                                                           | Increases the limits (maximum or minimum) applying to certain awards of Employment Tribunals and other amounts payable under employment legislation, as specified in the Schedule to the Order. | <a href="#">The Employment Rights (Increase of Limits) Order 2025</a>                                                                                                               |
| Circular 3/2025 | Flexible retirement                                                                                                                             | To clarify employer duties when making discretionary decisions on whether to allow                                                                                                              | <a href="#">202503.pdf</a>                                                                                                                                                          |

|                 |                                              |                                                                                                                                                                    |                                  |
|-----------------|----------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|
|                 |                                              | flexible retirement under The Local Government Pension Scheme (Scotland) Regulations 2018                                                                          |                                  |
| Circular 4/2025 | Increase to the normal minimum pension age   | Notify employers and members of impending changes to the normal minimum pension age from 6 April 2028.                                                             | <a href="#">202504.pdf</a>       |
| Circular 1/2026 | Ill Health Retirement and IDRP guidance 2026 | Updates to the Ill-Health Retirement and Internal Dispute Resolution Procedure guidance                                                                            | <a href="#">Circular 2026-01</a> |
| Circular 2/2026 | Tiered contributions rate guidance for 2026  | For employer action – relates to employee contribution rates to be applied w.e.f. 01/04/2026                                                                       | <a href="#">202602.pdf</a>       |
| Circular 3/2025 | PI Review and revaluation order              | Notification of the increase to pensions with effect from 06/04/2026 and of the annual revaluation rate to be applied to CARE pensions. Rate to be applied is 3.8% | <a href="#">202603.pdf</a>       |

## SCHEDULED AND ADMITTED BODIES

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

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

The employers with active members as at 31 March 2026 were as follows:

### Scheduled Bodies (11)

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

### Admitted Bodies (27)

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

## CONTACT INFORMATION

### Key Documents Online

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

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

### Contact Details

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

Tayside Pension Fund  
Dundee City Council, Floor 1, 50 North Lindsay Street, Dundee DD1 1NZ

### Other Contacts

#### **The Pensions Ombudsman**

10 South Colonnade

Canary Wharf

E14 4PU

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

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

#### **Money Helper**

120 Holborn

London

EC1N 2TD

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

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

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

The Pension Service

Mail Handling Site A

Wolverhampton

WV98 1AF

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

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

#### **The Pensions Regulator**

Telcom House

125 – 135 Preston House

Brighton

BN1 6AF

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

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