Item 12

23rd September 2026

**Glasgow City Council**

**Strathclyde Pension Fund Committee**

**Report by Director of Strathclyde Pension Fund**

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# Business Plan Update

**Purpose of Report:**

To provide an update on progress in respect of the business and development priorities listed in the SPF 2026/27 Business Plan.

**Recommendations:**

The Committee is asked to **NOTE** the contents of this report.

Ward No(s): Citywide: ✓

Local member(s) advised: Yes ☐ No ☐ consulted: Yes ☐ No ☐

## 1 Background

Each year, the Committee is asked to agree a business plan for Strathclyde Pension Fund. The plan sets out objectives, resourcing requirements, key performance indicators, and business and development priorities for the coming year. The 2026/27 plan was agreed in March 2025. **Appendix A** provides an update on progress in respect of the business and development priorities listed in the plan.

## 2 Emerging Priorities

Two emerging priorities have been identified, one of which has been added to the list of priorities included in the original plan, one of which needs further consideration.

### 2.1 Additional Priority: Remediation of Employer Pensionable Pay Issue

As noted in the SPF Annual Report 2026, towards the end of the year one employer (on behalf of itself and another associated employer) advised SPF that it had reported a breach of the regulations to TPR. The breach related to certain payments which the employers had been making to employees for many years which were not treated as pensionable but which, based on KC's opinion, should be treated as pensionable under the LGPS regulations. Shortly after the year end a joint report was submitted to TPR by SPF and 2 other Scottish LGPS Scheme Managers. SPF is working with the employers and with the two other scheme managers, to remedy the situation, though this will take many months to resolve. Remediation, to put all affected members in the position they would have been in had the payments been treated as pensionable, may involve: payment to SPF of additional employer and/or member contributions; adjustment of benefits currently in payment; and additional liabilities in respect of those benefits and benefits accrued by the employers' members but not yet in payment. SPF is not yet in a position to quantify or estimate those impacts, but they are not expected to be material.

### 2.2 Emerging Priority: Voluntary LGPS Collaboration

The structure of the LGPS has been the subject of ongoing discussion for many years. In England & Wales, this led to pooling of the 89 LGPS funds into 8 separate asset pools in 2015. In 2026 this was reduced to 6 pools.
There has been no structural change to date in Scotland, but there is an emerging initiative to build on the existing success of the scheme through increased collaboration between funds. This led to production of a Vision Statement earlier in 2026, which all 11 Scottish LGPS funds have been asked to consider and/or support.
The text of Vision Statement is attached for information at **Appendix B.**

This item has not been added to the schedule of priorities at **Appendix A.** There may be some merit in further collaboration between the Scottish LGPS funds, and SPF would support that in principle. But the Vision Statement has no formal status – it has not been endorsed by the Scottish Scheme Advisory Board, which is developing similar initiatives. The project also has the potential to absorb a great deal of time and resource without producing real results. It is also not clear that there would be any advantage to SPF or its members and employers from this initiative, given that SPF already has the scale to achieve its objectives, a well-established vehicle to deliver Scottish and other impact investments, and a full workload from the other items already included in the 2026/26 Business Plan.

**3 Progress**

All 10 priority items included in Appendix A are progressing well, with 2 already complete.

On a RAG analysis:

- all 10 are rated **green**;
- none is rated **amber**; and
- **none** is **red**.

**4 Policy and Resource Implications**

**Resource Implications:**

| | |
|---|---|
| *Financial:* | None at this time. |
| *Legal:* | The Business Plan is published in compliance with Regulation 12(3) of the Local Government Pension Scheme (Management and Investment of Funds) (Scotland) Regulations 2010. |
| *Personnel*: | None at this time. |
| *Procurement:* | None at this time. |

**Council Strategic Plan:** SPF supports all Missions within the Grand Challenge of: ***Enable staff to deliver essential services in a sustainable, innovative and efficient way for our communities.***
The LGPS is one of the key benefits which enables the Council to recruit and retain staff.

**Equality and Socio-Economic Impacts :**

| | |
|---|---|
| *Does the proposal support the Council's Equality Outcomes 2025-29?* | Equalities issues are addressed in the Fund's Responsible Investment strategy, in the scheme rules which are the responsibility of Scottish Government and in the Fund's Communications Policy which has been the subject of an Equalities Impact Assessment. |
| *What are the potential equality impacts as a result of this report?* | No specific equalities impacts. |
| *Please highlight if the policy/proposal will help address socio economic disadvantage.* | N/a. |

**Climate Impacts:**

| | |
|---|---|
| *Does the proposal support any Climate Plan actions? Please specify:* | Not directly. Monitoring report. |
| *What are the potential climate impacts as a result of this proposal?* | N/a. |
| *Will the proposal contribute to Glasgow's net zero carbon target?* | N/a. |
| **Privacy and Data Protection Impacts:** | |
| Are there any potential data protection impacts as a result of this report Y/N | No. |
| If Yes, please confirm that a Data Protection Impact Assessment (DPIA) has been carried out | N/a. |

## 5 Recommendations

The Committee is asked to note the contents of this report.

**Appendix A** **2026/27 Business & Development Priorities**
**Appendix B** **Voluntary LGPS Collaboration Vision Statement with Principles and Actions**

Appendix A

## 2026/27 Business & Development Priorities

| Item | Description | Progress to Date / Planned Actions | RAG Status |
|---|---|---|---|
| **Governance & Funding** | | | |
| **Actuarial Valuation 2026** | Completion of the statutory triennial valuation as at 31st March 2026. | Preliminary set of assumptions agreed with actuary and reported to SPF Committee in June.<br>Full data download submitted to actuary during July.<br>Preliminary results to be reported to SPF Committee in September.<br>Individual employer results to be issued during October/November.<br>Final report to SPF Committee March 2027.<br>Statutory deadline for completion March 2027. | |
| **Funding Strategy** | Review Funding Strategy Statement (FSS). | Revised draft FSS to be considered by SPF Committee in September.<br>Consultation with employers and others from October to January.<br>Final version FSS to SPF Committee in March 2027; Publication and effective date 1st April 2027. | |
| **Succession Planning & Management** | Ensuring business and service continuity maintained over period of governance and management changes. | Planning for: new committee after 2027 council elections; new Board after 2027 council elections; and some senior management changes.<br>SPF subscribed to Hymans Robertson's LGPS Online Learning academy (LOLA) in June 2026 to facilitate enhanced member and senior officer training. Recruitment ongoing to strengthen SPFO Investment Team and expand SPFO Administration Team structure. | |
| **Remediation of Employer Pensionable Pay Issue** | Certain historic payments made by two related SPF employers were not treated as pensionable but should be. | Remediation, to put all affected members in the position they would have been in had the payments been treated as pensionable.<br>Initial objective is conclusion<br>of a Settlement Agreement between the employers and SPF. | **New** |

**Appendix A**

## 2026/27 Business & Development Priorities

| Item | Description | Progress to Date / Planned Actions | RAG Status |
|---|---|---|---|
| **Administration** | | | |
| **Pensions Dashboard** | Preparation for Pensions Dashboard project going live to the public. | The Pensions Dashboards is a UK-wide initiative to provide clear and simple information to individuals who have multiple pension savings, including their State Pension. SPF successfully connected to the Dashboard in January 2026. Preparation for public access go-live will include: refining matching criteria, and developing SPFO communications, protocols, and response processes. Work on these is ongoing and in line with guidance provided by the Dashboard Programme, The Pensions Regulator, and SPFO's system provider, Heywood.<br>Go-live date has yet to be confirmed but will be after March 2027. | |
| **Cloud Hosting** | Migration of Altair pensions system to cloud-based solution hosted by Heywood. | Project involved working with GCC Digital Services / CGI. /.<br>Heywood to complete: new design for hosting; testing and migration activities; new design and implementation for integration of Altair Management Toolkit, Altair Scan Client and Mail Gateway to the new platform; new design and implementation for Altair Cloud extracts and integration (via batch transfer) to Bulk Printing (Adare), BACS and SAP ECC General Ledger; decommissioning the existing on-premise Altair infrastructure.<br>Migration was successfully achieved during June 2026. | **Complete** |
| **IHT** | Preparation for extension of Inheritance Tax (IHT) to include pensions lump sum death grants. | SPFO processes to be reviewed and revised to comply with new HMRC rules which will bring these payments into the scope of IHT from April 2027.<br>Regulations and guidance are being issued by HMRC over the course of the year. | |

**Appendix A**

## 2026/27 Business & Development Priorities

| Item | Description | Progress to Date / Planned Actions | RAG Status |
|---|---|---|---|
| **Investment** | | | |
| **Investment Strategy and Structure** | Review in line with 2026 actuarial valuation. | Review of: overall allocations across asset categories, informed by Asset Liability Modelling based on actuarial data; and allocations within individual asset categories, in particular, LTEY, STEY and Equities.<br>Review ongoing throughout the year supported by Hymans Robertson and SPF Investment Advisory Panel.<br>Conclusions and recommendations to be reported to SPF Committee in March 2027. | |
| **Property Valuer** | Review arrangements for independent valuation of property portfolio. | Existing contract with Avison Young to continue until 2028. | **Complete.** |
| **AVC Investment Options** | Review current range of AVC investment options available to members. | To include review of default option, possible additions/deletions to existing range, agreement and implementation of revised range of options.<br>Hymans Robertson engaged to provide support.<br>Review to conclude by December 2026. | |

# Voluntary LGPS Collaboration Vision Statement with Principles and Actions

## Vision Statement

The 11 Administering Authorities (AAs) of the Scottish Local Government Pension Scheme (LGPS), collectively managing c£75bn of assets, are committed to strengthening long-term outcomes for members and employers through purposeful, voluntary, and well-governed collaboration.

Building on a track record of strong investment performance and robust stewardship, the Scottish LGPS Funds will work together to enhance investment opportunities, improve efficiency, support Scotland's sustainable economic growth (where this aligns with their fiduciary duty), and formalise the successful collaborative behaviours already underway.

Through clear governance, shared priorities, and flexible participation, the Funds will accelerate progress, create measurable financial and non-financial benefits, and ensure that collaboration adds value, both to Scheme stakeholders and to Scotland's economy.

## Principles

1. **Protection of the LGPS Purpose**
   Collaboration must maintain the integrity, autonomy, and statutory purpose of individual LGPS Funds in Scotland.

2. **Voluntary Participation, No Veto**
   No Fund will hold a veto over collaborative solutions, but each Fund may choose whether to participate in specific investment vehicles or projects.

3. **Flexible, Menu-Based Opportunities**
   Investment and operational collaboration may involve all or some Funds, offering a range of risk/return profiles and asset classes that align with each Fund's strategic priorities.

4. **Measured Impact for Scotland and the UK**
   Scottish investment should demonstrate measurable financial and, where possible, non-financial impact—economic, social, environmental—based on clear metrics and definitions (including an agreed definition of "Scottish").

5. **Aspirational Investment Commitment**
   An aspiration of allocating **5% of assets to Scottish investments over 5–10 years**, supported by realistic interim milestones, recognising that progress will differ across Funds. Existing investments will be included in the allocation where they meet the agreed definition of Scottish in nature.

6. **Collaboration Across Multiple Disciplines**
   Priority areas should be identified and may extend beyond investment; for example: procurement, manager fee negotiations, training, shared expertise, and other areas to be explored.

7. **Robust Governance and Due Diligence**
   All collaborative proposals, including investment vehicles, must be supported by full business cases and clear governance frameworks to ensure high-quality investments and avoidance of suboptimal ("non-commercial") assets.

8. **Transparency and Representation**
   Collaboration structures should ensure appropriate representation from Funds, respect existing roles and responsibilities, and explore appropriate roles for stakeholders and advisers where they contribute to the agreed aspiration.

9. **Fair Treatment of People**
   Any activity with implications for LGPS staff must involve appropriate consultation with staff and Trade Unions.

10. **Momentum and Deliverability**
    Collaboration should move at pace, with structures designed to deliver tangible progress and maintain confidence from members, employers, administering authorities and the Scottish Government.

## Supporting Actions

### A. Governance & Structure

- Establish a **new dedicated Collaboration Working Group**, separate from the IGG agenda, with agreed representation from Funds and appropriate external support where it adds value.

- Develop and publish **clear Terms of Reference**, including decision-making processes, participation rules, and reporting lines to relevant Committees and AAs.

- Include SAB and COSLA representation, where appropriate, recognising their strategic roles in the Scottish LGPS.

- Produce a **factsheet setting out the roles and responsibilities** of Scottish LGPS stakeholders in driving further collaboration.

### B. Investment Collaboration

- Explore **collaboration vehicles** for priority areas, initially:
  - Scottish housing
  - Scottish infrastructure
  - Scottish Investment solutions which support the climate transition
  - Private market assets (including private equity and private debt)

- Define the role of **SNIB (if any)** in facilitating greater collaboration within the Scottish LGPS.

- Explore **split share-class structures** allowing larger Funds deeper involvement in any collaboration vehicles while enabling smaller Funds to participate proportionally.

- Engage external fund managers and investment consultants to leverage their **entrepreneurial capacity and idea generation**.

- Develop an agreed **definition of "Scottish investment"** (e.g., Scotland-wide, with optional sub-targets such as regional investments like NESPF area allocations).

- Provide a **menu of opportunities** across the various asset classes discussed aligned with the 5% aspiration, including risk/return characteristics and expected impact. It is expected that the focus will be on priority areas (e.g. Scottish housing) in the first instance.

- Monitor collective progress toward the 5% aspiration.

### C. Measurement & Reporting

- Develop and/or agree appropriate metrics for:
  - financial performance
  - economic impact
  - social value
  - environmental impact

- Produce (triennial / annual) **Scottish LGPS Fund Factsheets** outlining AUM, summary of investment and funding strategy, and strategic priorities.

### D. Operational Collaboration

- Launch working groups for:
  - investment opportunities
  - fee negotiations with managers
  - procurement
  - training
  - potential shared services opportunities

- Identify "quick wins" while planning longer-term shared initiatives.

### E. Delivery and Resourcing

- Determine the required **FTE or dedicated resources** to drive collaboration; assess whether this could be supported through engaging external support.

- Confirm the **appetite** of all 11 Funds for participation in each area and secure explicit resource commitments.

### F. Timeline

- Aim for a **final MoU** for Committee approval by **September 2026**, with an interim update in **June 2026**.

- Set interim investment milestones (2–7 years) to reflect ambition without expecting immediate fulfilment of the 5% aspiration.

## Draft Memorandum of Understanding (MoU) Structure

***Scottish Local Government Pension Scheme (LGPS) Collaboration Framework***

### 1. Introduction

- Purpose of the MoU
- Context: Scottish LGPS landscape and rationale for collaboration
- Recognition of each Fund's statutory duties
- Statement on non-legally-binding nature of the MoU (unless the group chooses otherwise)

### 2. Vision Statement

- Shared long-term ambition for collaborative investment, governance, and operational efficiency
- Key commitments and shared outcomes (e.g., value for members, positive impact for Scotland, strengthened governance)

### 3. Scope of Collaboration

This section outlines all areas that may be included within the collaboration framework:

#### 3.1 Investment Collaboration

- Investment in Scotland
- Housing, infrastructure, and other priority themes and asset classes
- Co-investment opportunities
- Potential investment vehicles and structures

#### 3.2 Operational Collaboration

- Identification of investment opportunities
- Procurement
- Manager fee negotiations
- Training and capability building
- Shared services (where applicable)

#### 3.3 Governance Collaboration

- Shared approaches to oversight, impact measurement, reporting, and risk management

### 3.4 Future Areas

- Statement allowing future expansion of collaboration scope by agreement

## 4. Principles of Collaboration

A codified list, including:

1. Protection of LGPS integrity and fiduciary duty
2. Voluntary participation without veto rights
3. Flexible “menu-based” approach to opportunities
4. Measurable financial and non-financial impact
5. Aspirational investment commitments (e.g. 5% of assets over the medium term, with agreed interim steps)
6. Evidence-based decision-making supported by full business cases
7. Transparent governance and representation
8. Appropriate consultation on staffing implications
9. Momentum and deliverability
10. “Scotland-led but not Scotland-limited”

## 5. Definitions

- Scottish investment
- Collaborative vehicles
- Non-financial impact
- “Opt-in/opt-out” participation.
- Role definitions (Funds, SAB, COSLA, SNIB, advisers)

## 6. Governance Arrangements

### 6.1 Collaboration Working Group

- Purpose
- Membership and representation
- Chairing and secretariat
- Meeting frequency

### 6.2 Sub-groups / Working Groups

(e.g., Investment Vehicle Working Group, Procurement Group, Training Group)

- Roles & Responsibilities
- Expected outputs

### 6.3 Decision-making Process

- How recommendations are formed
- How Funds opt in or opt out
- Thresholds for collective decisions (non-binding)

### 6.4 Reporting & Communication

- Reporting to Committees
- Public transparency
- Stakeholder updates (e.g., Scottish Government)

## 7. Roles and Responsibilities

### 7.1 Participating Pension Funds

- Duties, commitments, information-sharing expectations

### 7.2 SNIB

- Define role (if any) – e.g. role in idea generation and structuring investment opportunities

### 7.3 External Consultants

- Technical support
- Project management
- Vehicle design support
- Ongoing monitoring and maintenance

### 7.4 External Managers

- Origination and execution of investment opportunities

### 7.5 SAB, COSLA, Other Bodies

- Strategic input
- Advisory role

## 8. Work Plan and Deliverables

### 8.1 Short-term Deliverables

- Agreement on priority investment areas
- Design of investment vehicles
- Development of impact metrics
- Production of LGPS “Fund Factsheets”

- Manager fee negotiations
- Initial assessment of Scottish investment to date

### 8.2 Medium-term Deliverables

- Operational collaboration quick wins
- Interim milestones toward the 5% aspiration

### 8.3 Long-term Deliverables

- Full roll-out of collaboration vehicles
- Assessment of broader collaboration opportunities

## 9. Financial Considerations

- Funding for collaboration activities (e.g., shared FTE or consultancy resourcing)
- Cost-sharing model
- Treatment of costs for investment vehicles

## 10. Risk Management

- Identification of key risks (governance, investment, reputational)
- Mitigation strategies
- Due diligence requirements

## 11. Data Sharing and Confidentiality

- Information-sharing protocols
- Data protection requirements
- Commercial confidentiality expectations

## 12. Monitoring, Evaluation, and Review

### 12.1 Performance Monitoring

- Investment performance
- Non-financial impact measurement

### 12.2 Review of MoU Effectiveness

- Annual review
- Process for amendments

## 13. Dispute Resolution

- Process for addressing disagreements

- Escalation pathways

## 14. Duration and Termination

- Effective date
- Duration of the MoU
- Withdrawal process for individual Funds
- Termination of the MoU as a whole

## 15. Signatories

- Space for all 11 Fund signatures
- Name, role, Fund, date

## 16. Appendices

Potential appendices may include:

- Appendix A: Vision and Principles (full text)
- Appendix B: Work plan and timeline
- Appendix C: Definitions and Glossary
- Appendix D: Roles of Scottish LGPS bodies
- Appendix E: Impact measurement framework
- Appendix F: Draft vehicle overview