

Business Plan 2026/27

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Section 1 – Fund Governance

1.1 Role and Responsibilities

Glasgow City Council (GCC) has statutory responsibility for the administration of the Local Government Pension Scheme (LGPS) in the West of Scotland, both on its own behalf and in respect of around 130 other employers including the 11 other local authorities in the former Strathclyde area.

The main functions are:

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

These functions are carried out in accordance with the Local Government Pension Scheme (Scotland) Regulations which are statutory instruments made under the Public Service Pensions Act 2013 and the Superannuation Act 1972.

GCC carries out its role as Administering Authority via:

- the [Strathclyde Pension Fund Committee](#), to which the council has delegated power to discharge all functions relating to its role as administering authority;
- the [Strathclyde Pension Fund Pension Board](#) which assists the committee with compliance;
- the [Strathclyde Pension Fund Office \(SPFO\)](#), a division of the Council's Financial Services Department; and
- the [Strathclyde Pension Fund](#) (SPF or the Fund).

1.2 Policy, Objectives and Strategy

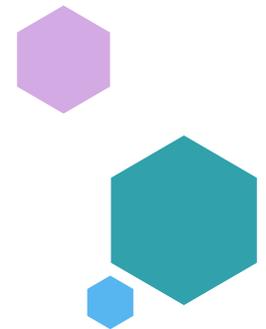
SPF's overriding objective is to ensure that all members' pensions are paid now and in the future. To achieve this, detailed policies, objectives and strategies are agreed by the committee. These are set out in various [policy documents](#). The main documents are the:

- Funding Strategy Statement;
- Statement of Investment Principles;
- Pension Administration Strategy;
- Communications Policy;
- Risk Policy and Strategy Statement; and
- Governance Compliance Statement.

A summary of each of the main policy documents is included at **Appendix 1**.

1.3 Business Plan

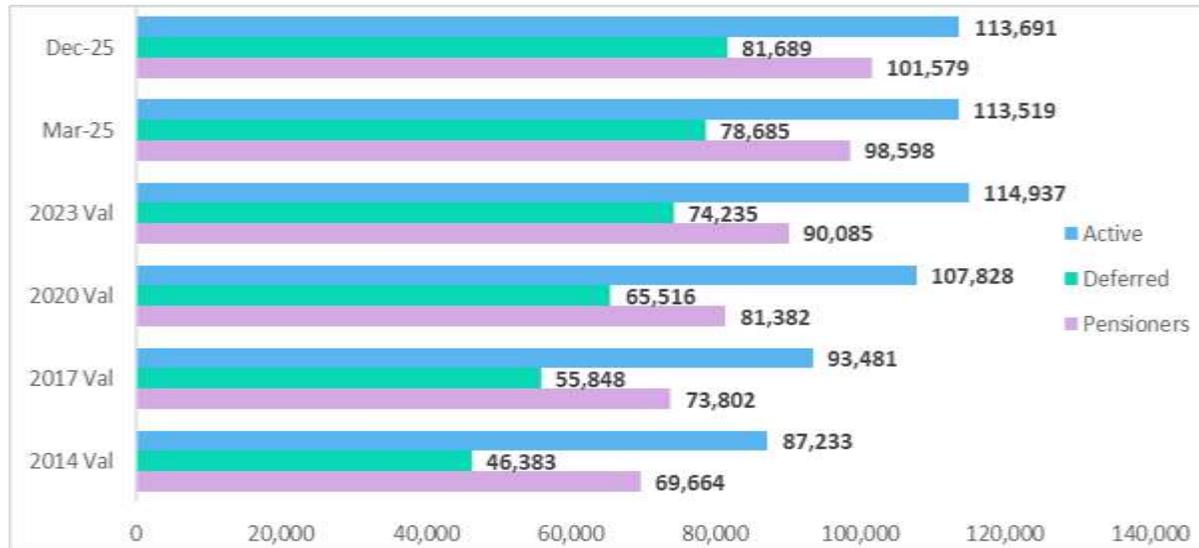
The committee agrees an annual business plan to ensure that ongoing management and development of the Fund is in line with the longer-term policies, objectives and strategy. The 2026/27 business plan is set out in the following sections.



Section 2 – Fund Profile

2.1 Membership

The membership profile of the Strathclyde Pension Fund as at 31st December 2025 and at recent actuarial valuations is summarised as follows.



SPFO also acts as a payroll agent for compensatory added years payments to over **7,500** members of the Scottish teachers' superannuation scheme.

2.2 Assets

As at 31 December 2025 the Fund had total investment assets of approximately **£33.8 billion** (2024: £31.2bn). Day-to-day management of the assets is carried out by external fund managers appointed by the Council in its role as Administering Authority.

2.3 Liabilities

Estimated value of liabilities – present value of future pension payments - as at 31 December 2025 was **£18.9 billion** (2024: £17.8bn). Estimated funding position was **181%** (2024 c. 178%). This will next be reviewed in the triennial actuarial valuation as at 31st March 2026.



2.4 Income and Expenditure - Cash Flow

The income and expenditure profile is summarised as follows.

	<i>2022/23 Per accounts £m</i>	<i>2023/24 Per accounts £m</i>	<i>2024/25 Per Accounts £m</i>	<i>2025/26 Probable £m</i>	<i>2026/27 Estimate £m</i>
Pensions Income	752	846	651	462	887
Pensions Expenditure	(756)	(850)	(964)	(1,090)	(1,052)
Net Pensions Cash Flow	(4)	(4)	(313)	(629)	(165)
Investment Income	412	496	521	490	514

There was a sharp reduction in income in 2024/25 and 2025/26 as a result of the revised contributions strategy agreed at the 2023 actuarial valuation. The income profile in 2026/27 reverts to a figure closer to the longer-term trend.

Cash flows are monitored and managed on an ongoing basis within SPFO, and reviewed regularly by the Investment Advisory Panel to agree actions to fund benefits as necessary.

Key factors in this monitoring are that:

- Investment Income shown includes distributed income only. The majority of income is earned and re-invested within pooled investment vehicles, but most of this could be made available for distribution to the Fund if required.
- Around 50% of investment assets are considered liquid. This figure comprises listed global equities and multi-asset passive pooled funds which, on a phased basis, can be realised within 14 days (sufficient to accommodate decision, instruction to managers, trade and settlement).
- Any shortfall in net pensions cash flows can easily be covered from some combination of:
 - investment cash deposits
 - investment income and/or
 - sale of liquid investments

Appendix 2 sets out a more detailed 10-year cash flow forecast. Key feature of this is that for the entire period, some but not all investment income will be required to fund benefits cash flow.



Section 3 - Resources

3.1 Staffing

The agreed baseline staffing structure for SPFO is **107** staff in total. Total staff in post at 31st December 2025 was **94** (FTE 89.4) this comprises 88 administration staff and an investment team of 10 and includes 5 modern apprentices. A further 9 staff were recruited during January and will commence during February. The current structure is summarised in **Appendix 3**.

3.2 Training and Development

SPFO has made a demonstrable commitment to training and development. Much of this is delivered internally.

In addition, staff have been encouraged and supported by SPFO in gaining professional qualifications through the Institute of Payroll Professionals (IPP). IPP attainment within SPFO is as follows.

SPFO Staff	IPP level attained
11	Diploma in Pensions Management
8	Foundation Degree in Pensions Administration and Management
31	Foundation in Pensions administration
11	Certificate in Pensions Administration

Since 2024, SPFO has subscribed to Heywood's online learning tool TEC (Training and Education Centre). This portal provides a variety of online courses for administration staff, ranging from general pensions knowledge to more in-depth system and workflow specific courses. Managers can also create and assign learning plans for individuals in TEC.

The Local Government Association (LGA) have worked in conjunction with The Pensions Management Institute (PMI) on the provision of a level 2 (GCSE equivalent) and a level 3 (A-level equivalent) qualification that will be LGPS specific. Pilot courses commenced in April 2025. The qualification is only available in E&W for now but expected to roll out for Scotland sometime in the future.

SPFO also has a number of graduates in various disciplines, one qualified accountant, and staff with a variety of other relevant qualifications.



SPFO staff participate fully in the various elements of Glasgow City Council's organisational development strategy. These include Performance Coaching and Review for all staff. Staff also make extensive use of a diverse range of training modules and resources which are available through the GOLD (Glasgow Online Learning Development) portal.

SPFO's recruitment strategy has relied heavily on the modern apprentice programme since its introduction: 17 permanent staff at a variety of grades started their SPFO careers as modern apprentices. Modern apprentices are required to complete an SVQ in Business Administration (either level 2 or level 3), they are supported in this by both their manager and their qualified Team Assessors who meet regularly with the apprentices to discuss and review their progress.

A statement of Training Policy and Practice, together with a Training Plan are agreed annually for the SPF Committee, SPF Board and SPFO senior staff.

3.3 Systems & IT

SPFO is an established user of *Altair* – a bespoke Local Government Pension Scheme administration system. The *Altair* application is upgraded four times a year and SPFO is currently running version 26.1. Within *Altair*, SPFO has implemented Task Management, Workflow, and Performance Measurement modules. These, along with *Altair Insights* form the core of process planning, management and monitoring, data analytics and measuring data quality. *Altair* is aligned with a Document Image Processing System (DIPS) to achieve straight-through electronic processing.

It also provides:

- *i-Connect*, a secure portal which allows employers to send data submissions direct to SPFO and to upload documents for processing; and
- internet based Self Service functionality through the member portal, *SPFOnline*. In January 2025, SPFO migrated to the new platform *Engage*, which has been built following Web Content Accessibility Guidelines (WCAG) with member experience at the forefront. For SPF members this means a portal that is more intuitive to navigate with information presented in a way that's easier to understand. Being a new application *Engage* also comes with stringent security measures, including multi-factor authentication (MFA) and Electronic Identification Verification (EldV).

Ongoing use, continuous development, and increasing member sign-up in these areas are key aspects of the SPFO administration strategy and communications policy.



For other finance functions, SPFO uses the Council’s SAP-based systems.

The Investments Team has secure, on-line access to detailed investment portfolio data via the *Passport* system of the Fund’s global custodian, Northern Trust, which forms the primary accounting record for the Fund’s investments. The Fund accesses an increasing number of investment manager reports via on-line client portals.

All staff have laptops which provide remote network and systems access. This facilitates hybrid working and flexibility and resilience of working and business continuity arrangements.

3.4 SPFO Budget

SPFO costs include costs of scheme administration together with oversight and governance costs (which includes consultancy fees, legal and procurement costs, audit fees, and part of the central support charge).

The annual proposed SPFO budget for 2026/27 is summarised as follows.

SPFO Budget	2025/26 £000	2026/27 £000	Movement £000
Employee Costs	4,505	5,781	+1,276
Property Costs	664	687	+23
Supplies and Services	1,421	2,605	+1,184
Transport Costs	0	1	+1
Contracted Services	430	400	-30
Central Support	1,308	1,358	+50
Total Expenditure	8,328	10,832	+2,504
Income	(177)	(200)	-23
Bank Interest	(8,650)	(3,800)	+4,850
Total Income	(8,827)	(4,000)	-4,827
Net Expenditure/ (Income)	(499)	6,832	+7,331

The 2026/27 budget shows a net increase in expenditure of **£2,504k** over the 2025/26 budget (**+29.6%**).

This is mainly attributable to:



Employee Costs	+£1,276
Pay award: +3.5% from 1 st April 2026	+£134k
Pensions: Employer contribution rate rises from 6.5% to 17.5% from 1 st April 2026	+£631k
Incremental rises	+£67k
Service reform - investment team	+£145k
Service reform – administration teams (part year cost)	+£296k
Supplies & Services	+£1,184
Heywood - Migrate <i>Altair</i> to cloud hosting (approved June 2025)	+£574k
Heywood - Bank Account Verification	+£73k
Heywood - McCloud Transfers Phase 2	+£75k
Heywood - Legislative Changes (CARE Revaluation Part 3)	+£16k
Heywood - <i>Altair</i> maintenance costs	+£53k
SPFO staff - Laptop refresh	+£45k
Triennial Actuarial Valuation as at 31 st March 2026	+£225k
Postage	+£70k

All costs, charges and expenses within the SPFO budget are met from the Fund in accordance with the scheme regulations.

3.5 Investment Management Costs

The Fund incurs substantial external management expenses as a result of its outsourced model. Total annual expenditure per the audited financial statements is summarised as follows.

	2021/22	2022/23	2023/24	2024/25
	£000	£000	£000	£000
Investment management	167,839	159,752	183,893	196,773
Oversight and governance	1,401	1,651	1,791	2,552
Total	169,240	161,403	185,684	199,325

Investment management costs include fees charged by investment managers together with fees deducted within pooled investment vehicles. SPF discloses all costs in accordance with the CIPFA guidance on *Accounting for Local Government Pension Scheme Management Expenses*, albeit this is not a mandatory requirement. SPF also supports the Cost Transparency Initiative which has facilitated better identification and disclosure of these costs and in time should lead to more consistency of reporting between pension funds.



Investment costs are based on contractually agreed fee scales, and are mostly paid on an *ad valorem* (market value) basis, sometimes with an additional performance element. They therefore vary with investment market fluctuations and manager performance. Outturn costs for 2025/26 and costs for 2026/27 will depend on market values and manager performance. For this reason, no estimate is provided. All costs are closely monitored and controlled to ensure value for money.

In accordance with the LGPS Regulations, all costs, charges and expenses are charged to the Fund.



Section 4 – Pensions Administration Performance

4.1 Key Functions

Key functions within the Pensions Administration sections of SPFO are summarised in the following table.

Section	Key Functions
Digital Communications	<ul style="list-style-type: none"> ▪ call handling and switchboard ▪ data exchange; SPFO inboxes; document upload; <i>Pulse</i> messaging ▪ mail sorting, scanning & issue ▪ development of <i>SPFOnline</i> & website ▪ design of all publications ▪ member, employer and staff communications
Employer & Data Management	<ul style="list-style-type: none"> ▪ monitoring, reconciliation and reporting of <i>i-Connect</i> ▪ employer management ▪ data quality – maintaining member data base ▪ employer admissions and exits ▪ actuarial valuation
Compliance	<ul style="list-style-type: none"> ▪ system & website(s) maintenance ▪ data protection, system security, cyber security and business continuity ▪ regulatory compliance ▪ audit ▪ procurement/contracts ▪ information compliance: <ul style="list-style-type: none"> • data breaches • freedom of information requests • subject access requests ▪ health and safety ▪ office management
Pre-retirement Transactions	<ul style="list-style-type: none"> ▪ updates for new members and status changes ▪ calculation and processing of a range of provisional benefits



	<ul style="list-style-type: none"> ▪ calculation and processing of a range of transactions in and out of the Fund
Post-retirement Transactions	<ul style="list-style-type: none"> ▪ calculation and processing actual retirement benefits ▪ calculations of all death benefits ▪ recalculations
Payments	<ul style="list-style-type: none"> ▪ payments in: monthly member, employer and additional contributions ▪ payments out: lump sums, transfers, refunds, and monthly pension payroll

4.2 Objectives and Strategy

The objectives of the Administration Strategy are to ensure that:

- a high quality pension service is delivered to all scheme members;
- pension benefits are paid accurately and on time;
- successful partnership working develops between SPFO and its employers;
- performance standards are understood, achieved and reported; and
- performance and service delivery comply with the [LGPS regulations](#), other related legislation and [the Pensions Regulator's Code of Practice](#).

4.3 Performance Measurement and Monitoring - KPIs

The emphasis for performance monitoring is on member experience and statutory compliance. Key Performance Indicators (KPIs for each service area are monitored and reported regularly to the Committee. These are set out below. Definitions of the KPIs are included at **Appendix 4**.

4.3.1 Digital Communications - KPIs

Customer Surveys

Results of customer surveys from 1st April to 31st December 2025 and targets for 2026/27 are summarised in the following table.



2025 Performance	Refunds	Retirals
Forms issued	1,642	3,759
Responses	54	747
Response rate (%)	3.3	19.9
“Satisfaction Rating” (%)	82.9	86.1
2024/25 full year (%)	86.9	86.5
2025/26 target (%)	80.0	90.0
2026/27 target (%)	80.0	90.0

The targets will remain unchanged for 2026/27.

Pension Updates (Annual Benefit Statements)

Results of customer surveys during 2025 and targets for 2026 are summarised in the following table.

Member Status	2025 Score		2026 Target	
	Content (%)	Format (%)	Content (%)	Format (%)
Active	78.3	66.6	77.0	77.0
Deferred	58.1	48.8	72.0	72.0

The target will remain unchanged for 2026/27.

Website

Improving and increasing SPFO’s digital delivery of communications is a key priority. The focus of activity is continuous development, and increasing usage of the spfo.org.uk website and/or the SPFOonline member portal.

Website	Measure	2025/26 Target	2025 Actual	2026/27 Target
www.spfo.org.uk	▪ total weekly visitors	9,000	8,432	8,500
	▪ unique weekly visitors	5,000	1,518	1,600

Use of the website has declined in recent years, whilst use of SPFOonline has continued to increase. Targets for 2026/27 have been amended to reflect this.



SPFonline

Members	Total Members	Registered		Target	
			(%)	2025/26	2026/27
Active	113,691	76,146	66.9	-	69.0
Deferred	81,698	29,269	35.8	-	37.0
Pensioner	101,579	51,768	51.0	-	54.0
Total	296,968	157,183	53.0	146,000	55.0

Members	Registered Members	Logged In during 2025		Target	
			%	2025/26	2026/27
Total	157,183	115,053	73.2	110,000	118,000

In January 2026 SPFonline migrated to a new platform *Engage*, this required all registered members to complete an additional verification process. To end of February **22,350** members have migrated to the new platform. The roll out of the new platform will continue throughout the year.

4.3.2 Employer & Data Management- KPIs

Having complete and accurate member data is essential for the efficient and effective management of pensions administration. An ongoing business priority for SPFO is improvement in the member database and timeous and accurate i-Connect submissions.

Data Quality

All pension funds are required to make an annual scheme return to The Pensions Regulator (TPR).

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.

TPR also provides guidance on scheme-specific data but has not set prescriptive targets as this should be agreed at individual scheme level.



Altair Insights allows SPFO to monitor Data Quality Scores in real time with regular updates and inflight projects impacting the results positively and negatively. Results for the data quality tests for those members in scope are summarised below.

TPR Tests Passed (%)					
Data Type	2024/25		2025/26		2026/27
	SPFO target	2024 Actual	SPFO target	2025 Actual	SPFO target
Common data	98.3	97.3	98.3	97.2	98.3
Scheme-specific data	97.6	97.2	97.6	97.5	97.6

2026/27 targets will remain unchanged from 2025/26.

Employer i-Connect Submissions

Employers are required to submit regular electronic returns via i-Connect no later than 19th of the month following the reporting period. SPFO monitors receipt of these submissions. Past performance and 2026/27 targets are as follows.

Local Authority Employers	Actual 2024	Target 24/25	Actual 2025	Target 25/26
i-Connect submissions received by SPFO by due date	87%	100%	89%	100%

4.3.3 Pre-retirement Transactions - KPIs

Key criteria here are accuracy and efficiency. Accuracy is ensured through rigorous system and manual checks. Efficiency figures are produced by the performance measurement module of the *Altair* system and measure average times taken to turn around tasks on the system. 2026/27 targets are unchanged from 2025/26.



Turnaround Times					
Process	Description	Actual 2025	Target Days 2026/27	Target % 2026/27	Statutory Deadline
New Starts	Processing of new scheme members	100%	15	95%	1 month
Refunds	Processing and payment of refund in receipt of members election to a refund of contributions	98%	7	90%	n/a*
Deferred Members	Calculation of future retirement benefits for early leavers from scheme who don't have immediate access to benefits	61%	20	85%	2 months
Retiral Estimate	Quotation of expected retiral benefits.	66%	20	80%	2 months

*Disclosure requirements do not stipulate a timescale but require that payment is made as soon as is considered reasonable.

4.3.4 Compliance – KPI's

SPFO complaints are actioned in accordance with Glasgow City Council complaints handling procedure. All complaints are recorded using Lagan, the Council's system for complaints monitoring and recording. These targets are unchanged from 25/26.

Complaint	Response Target
Stage 1	5 working days
Stage 2	20 working days



4.3.5 Finance - KPIs

The single most important critical function of SPFO is to ensure that the monthly pensions payroll runs on its due date. A key objective is to ensure that all necessary additions, deletions and amendments have been made before it runs. Performance targets are as follows.

Task	Target 2025/26	Actual 2025	Target 2026/27
Pensions payroll run on time	100%	100%	100%
New retirals processed for due date	95%	97%	95%
Retirement lump sums paid on retirement date	95%	94%	95%
Deferred pensions processed for due date	95%	87%	95%
Deferred lump sums paid on due date	95%	100%	95%
Contributions income received on due date	100%	97%	100%



Section 5 – Investment Performance

5.1 Key Functions

Key functions of the investment section within SPFO are summarised in the following table.

Key Functions
<ul style="list-style-type: none">▪ development and implementation of investment strategy and structure▪ monitoring of strategy, portfolio and investment manager performance, and other service providers▪ management of the Direct Impact Portfolio (DIP), investment cash flows, private markets programmes, and▪ stewardship including development and management of the responsible investment and climate change strategies.

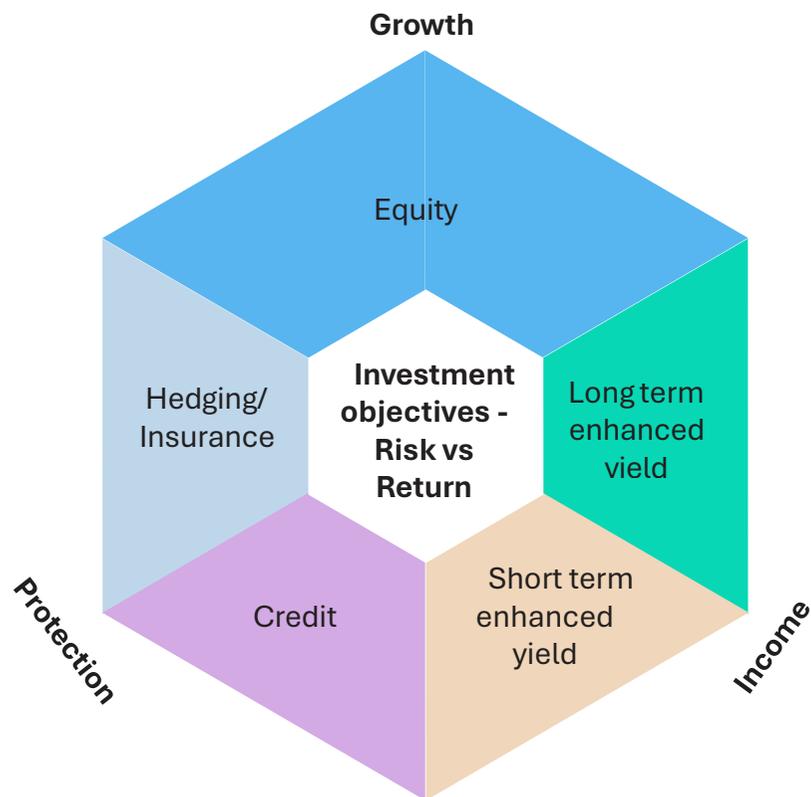
5.2 Investment Objective

- The Fund's investment objective is to support the funding strategy by adopting an investment strategy and structure which incorporate an appropriate balance between risk and return.
- The Fund's investment strategy broadly defines the types of investment to be held and the balance between different types of investment. The strategy reflects the Fund's key investment principles, is agreed by the committee and reviewed regularly. A full review of strategy is carried out every three years alongside the triennial actuarial valuation to ensure that investment is aligned to the changing profile of the Fund's liabilities and that the investment strategy is consistent with the Funding Strategy.
- The current objectives of the investment strategy are to achieve:
 - At least an **80% probability** of being **100%** funded within the average future working lifetime of the membership; and
 - a less than **10% probability** of falling below **80%** funded over the next three years.

5.3 Investment Strategy

The following framework is used for development of the investment strategy.





Asset Category	Main Objectives	Asset Types
Equity	To generate return	Listed Equity; Private Equity
Hedging / Insurance	To reduce the exposure of the funding level to variations in interest rates and inflation	UK Gilts; UK Index-Linked
Credit	To ensure additional yield, provide income and reduce funding volatility	Corporate Bonds
Short-term Enhanced Yield	To provide an income stream above the expected return on investment grade corporate bonds	Absolute Return; Multi-Asset Credit; Private Debt
Long-term Enhanced Yield	To provide a long-term income stream and a degree of inflation protection	Property; Infrastructure

The strategy is reviewed every 3 years using asset liability modelling based on results of the triennial actuarial valuation of the Fund. Strategic allocations have changed as summarised below.

Asset Category	2011 (%)	2014 (%)	2017 (%)	2024 (%)
Equity	72.5	62.5	52.5	47.0
Hedging / Insurance	4.5	1.5	1.5	10.0
Credit	3.0	6.0	6.0	5.0
Short-term Enhanced Yield (STEY)	7.5	15.0	20.0	17.0
Long-term Enhanced Yield (LTEY)	12.5	15.0	20.0	21.0
Total	100	100	100	100



5.4 Investment Performance

5.4.1 Investment Returns

The Fund's global custodian, Northern Trust, is responsible for independent performance measurement and provides detailed quarterly reports on all aspects of investment performance. Performance is measured on a total return basis including investment income and capital gains.

Overall investment performance is measured against:

- the strategic benchmark;
- the actuarial return assumption of **+5.0%** per annum at the 2023 actuarial valuation (+3.0% at the 2020 valuation); and
- the PIRC Local Authority universe.

Individual manager performance is measured relative to benchmarks and targets based on published investment indices or added value against cash (SONIA) or inflation (CPI).

Further details of the current investment objectives, strategy and structure are shown in **Appendix 5**.

5.4.2 Stewardship

The Fund is a signatory to the Principles for Responsible Investment (PRI) and has adopted the principles as its responsible investment policy. In addition, the Fund has developed a climate change strategy which includes a Climate Action Plan.

The Fund regularly reports on its stewardship activity and measures the progress of its stewardship policies in the following ways:

- completion of PRI Assessments
- submission of annual Stewardship Reports to the UK's Financial Reporting Council (FRC). These are assessed by the FRC and SPF has been named as a signatory to the UK Stewardship Code each year since its re-launch in 2021.
- annual reporting of SPF's approach to climate risk using the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD) Framework.
- membership of the Paris Aligned Investment Initiative, which includes annual reporting of climate change related activity from 2023 onwards.



Section 6 – Business and Development Priorities

6.1 2025/26 Priorities

A review of the priorities listed in the 2025/26 business plan is included at **Appendix 6**. Progress has been very good. 9 of the 10 listed priorities are ranked green. 1 is ranked amber. All are either complete or are expected to be complete by the financial year end.

6.2 2026/27 Priorities

A summary of SPFO's business and development priorities for 2026/27 is included at **Appendix 7**. The overriding priority for the year will be completion of the statutory triennial actuarial valuation, together with associated reviews of the funding strategy and the investment strategy and structure.

6.3 SPF Committee

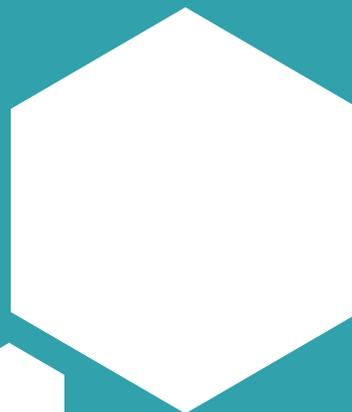
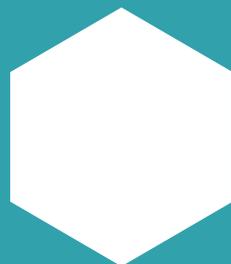
An agenda plan for SPF committee meetings is included at **Appendix 8**.

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Appendices



Appendices 1



Appendix 1

Policy Documents

Policy Document	Description
Funding Strategy Statement	<p>Preparation and publication of the FSS is a regulatory requirement. The stated purpose is:</p> <ul style="list-style-type: none"> ▪ to establish a clear and transparent fund-specific strategy which will identify how employers' pension liabilities are best met going forward; ▪ to support the desirability of maintaining as nearly constant employer contribution rates as possible; and ▪ to take a prudent longer-term view of funding those liabilities. <p>Update FSS guidance was published during 2024/25. Last published: March 2024. Review: 2026/27 alongside actuarial valuation as at 31st March 2026.</p>
Statement of Investment Principles	<p>Preparation and publication of the SIP is a regulatory requirement. The statement must cover policy on:</p> <ul style="list-style-type: none"> ▪ 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, if (a fund) has any such policy; and ▪ stock lending. <p>Last published: March 2025. Review: 2026/27 as part of investment strategy review to be carried out alongside actuarial valuation as at 31st March 2026.</p>
Pension Administration Strategy	<p>Preparation and publication of the PAS is a regulatory requirement. The PAS aims to ensure that:</p> <ul style="list-style-type: none"> ▪ a high quality pension service is delivered to all scheme members; ▪ pension benefits are paid accurately and on time; ▪ successful working partnership develops between SPF and its employers; ▪ performance standards are understood and achieved; and ▪ performance and service delivery comply with the LGPS regulations, other related legislation and The Pensions Regulator's Code of Practice.

	<p>Last published: July 2023. Review: completed during 2025/26. Revised strategy to be published 1st April 2026.</p>
Communications Policy	<p>Preparation and publication of the Communications Policy is a regulatory requirement. The statement must set out policy on:</p> <ul style="list-style-type: none"> ▪ 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; and ▪ the promotion of the Scheme to prospective members and their employers. <p>Last published: April 2024. Review: 2027/28.</p>
Risk Policy & Strategy Statement	<p>The Statement of Risk Policy & Strategy sets out a common basis for risk management across the funding, investment communications, and administration strategies.</p> <p>Last published: March 2025. Review: 2027/28.</p>
Governance Compliance Statement	<p>Preparation and publication of the Governance Compliance Statement is a regulatory requirement. The statement must set out :</p> <ul style="list-style-type: none"> ▪ whether the authority delegates its functions, or part of its functions under the Regulations to a committee, a sub-committee or an officer of the authority; ▪ if the authority does so- <ul style="list-style-type: none"> • the terms, structure and operational procedures of the delegation; • the frequency of any committee or sub-committee meetings; • whether such a committee or sub-committee includes representatives of Scheme employers or members, and if so, whether those representatives have voting rights; ▪ the extent to which a delegation, or the absence of a delegation, complies with guidance given by the Scottish Ministers and, to the extent that it does not so comply, the reasons for not complying; and ▪ details of the terms, structure and operational procedures relating to the local pension board established under regulation 5 (pension boards) of the Governance Regulations. <p>Last published: June 2025 as part of 2024/25 <u>Annual Report</u>. Review: April/June 2026 as part of 2025/26 <u>Annual Report</u>.</p>

Appendices 2



Appendix 2

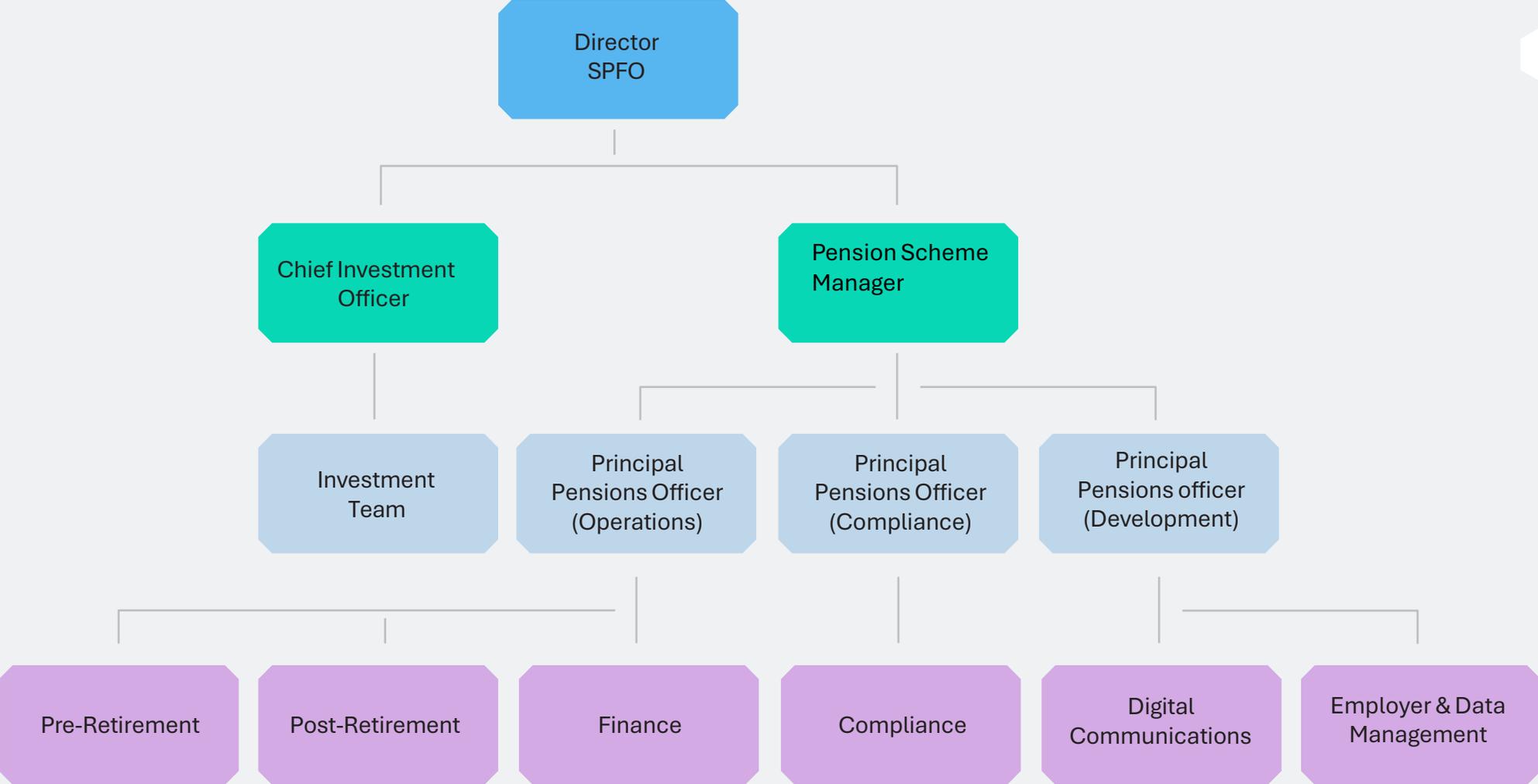
10-Year Cash Flow Forecast

	2026/27 £000	2027/28 £000	2028/29 £000	2029/30 £000	2030/31 £000	2031/32 £000	2032/33 £000	2033/34 £000	2034/35 £000	2035/36 £000
Pensions Transactions										
Income										
Employee Contributions	226,982	234,166	246,897	260,027	273,702	288,016	303,035	318,815	335,405	352,852
Employer Contributions	611,106	540,382	569,762	600,063	631,621	664,651	699,311	735,727	774,012	814,275
Strain on the Fund	35,801	36,768	37,761	38,781	39,828	40,903	42,007	43,141	44,306	45,502
Added Years	518	532	546	561	576	592	608	624	641	658
Transfer Values in	12,130	12,458	12,794	13,139	13,494	13,858	14,232	14,616	15,011	15,416
Other	184	189	194	199	204	210	216	222	228	234
Total Income	886,721	824,495	867,954	912,770	959,425	1,008,230	1,059,409	1,113,145	1,169,603	1,228,937
Expenditure										
Pensions Expenditure	764,823	827,453	882,998	940,939	1,001,365	1,064,368	1,130,044	1,198,489	1,269,808	1,344,103
Lump Sums	221,948	227,941	234,095	240,416	246,907	253,573	260,419	267,450	274,671	282,087
Death Gratuities	32,435	33,311	34,210	35,134	36,083	37,057	38,058	39,086	40,141	41,225
Refunds	1,835	1,885	1,936	1,988	2,042	2,097	2,154	2,212	2,272	2,333
Transfer Values out	21,321	21,897	22,488	23,095	23,719	24,359	25,017	25,692	26,386	27,098
Admin Costs	9,425	9,679	9,940	10,208	10,484	10,767	11,058	11,357	11,664	11,979
Total Expenditure	1,051,787	1,122,166	1,185,667	1,251,780	1,320,600	1,392,221	1,466,750	1,544,286	1,624,942	1,708,825
Total Movement	-165,066	-297,671	-317,713	-339,010	-361,175	-383,991	-407,341	-431,141	-455,339	-479,888
Investment Activity										
Bank Interest	4,688	4,375	4,688	4,688	4,688	4,688	4,688	4,688	4,688	4,688
Investment Income	514,047	539,749	566,736	595,073	624,827	656,068	688,872	723,315	759,481	797,455
Manager Fees	-35,241	-37,003	-38,853	-40,795	-42,835	-44,977	-47,226	-49,587	-52,066	-54,670
Net Investment Income	483,494	507,121	532,571	558,966	586,680	615,779	646,334	678,416	712,103	747,473
Total Net Movement	318,428	209,450	214,858	219,956	225,505	231,788	238,993	247,275	256,764	267,585

Appendices 3



Appendix 3
SPFO Staffing Structure



Appendices 4



Appendix 4

KPI Definitions

Section	KPI	Definition
Digital Communications	Satisfaction Ratings <ul style="list-style-type: none"> transactions 	<p>Source: on completion of each refund or retiral transaction, the member is issued with an email with a link to a survey which if completed will return directly to SPFO. Returns are collated and reported to the Committee as well as being used internally to monitor and improve customer service quality.</p> <p>The survey asks the customer to rate the overall online process. It also provides an opportunity for feedback/improvements.</p> <p>Respondents are asked to rate the service on the following scale.</p> <ol style="list-style-type: none"> Very Poor Fairly Poor Average Fairly Good Very Good <p>The KPI is the average rating from all correspondents for the overall process expressed as a percentage.</p>
	<ul style="list-style-type: none"> annual pension updates 	<p>Online survey respondents answering Very Easy or Fairly Easy to the question: <i>How would you rate the following aspects of your update: i Content; ii Format?</i></p>
	www.spfo.org.uk <ul style="list-style-type: none"> weekly visitors unique weekly visitors 	<p>Source: Google Analytics</p> <p>Total number of individual occasions on which the website is accessed over the time period.</p> <p>The number of unduplicated (counted only once) visitors to the website over the course of a specified time period”.</p>
	SPFOnline	<p>Source: <i>Altair</i> pensions system</p> <p>SPFOnline is a member self service portal. It provides members with direct, secure access to their own SPFO pensions record and allows them to:</p> <ul style="list-style-type: none"> check details held amend contact details estimate benefits request information or calculations and

	<ul style="list-style-type: none"> ▪ the total number of members who have completed the registration process and ▪ the total number of members who have logged in in the year per <i>Altair Insights</i>. 	<ul style="list-style-type: none"> • upload documents <p>To use <i>SPFOnline</i> members need to obtain an activation key and complete a short online registration process.</p> <p>Source: figures provided by <i>Altair Insights</i>.</p>
<p>Employer & Data Management</p>	<ul style="list-style-type: none"> • Membership figures • Data Quality • Submission of i-Connect returns 	<p>Source: figures provided by <i>Altair Insights</i>.</p> <p>Membership figures are based on posts, not individuals – so members with multiple posts may be counted several times.</p> <p>Active members are those currently paying contributions and accruing service.</p> <p>Deferred members are those who have previously contributed but no longer do so. Mostly these are members who will be paid a pension in due course, but the figure also includes some who are due a refund of contributions.</p> <p>Pensioner members are those currently in receipt of a pension. The figure includes previously active members and dependents.</p> <p>The Pensions Regulator provides the following definitions.</p> <p>Common Data are basic items which are used to identify scheme members, including surname, sex, national insurance number, postcode, date of birth, etc.</p> <p>Scheme Specific (Conditional) Data are items relating to the member’s pension, including employer name, salary records, service history, contributions history, etc.</p> <p><i>Altair Insights</i> allows SPFO to monitor Data Quality Scores in real time, and tests for those members in scope.</p>

		Employers should submit regular electronic returns via i-Connect no later than the 19 th of the month following the reporting period. A submission is considered complete when all expected payrolls have been fully processed for the reporting period. Submissions should identify all starters, leavers, salary, contribution and member data changes. The KPI is based on all employers and ,expressed as: no. of valid submissions/no. of expected submissions.
Pre-retirement Transactions	<ul style="list-style-type: none"> • Turnaround Times 	Source: the Task Management and Performance measurement module of the <i>Altair</i> pensions system measures the period that elapses between a task first being logged to the system and finally closed as complete, minus any time when the task or queries on it have been referred to the employer or other external parties. The statutory deadline measures the period that elapses between a task first being logged to the system and finally closed as complete. For each process the internal KPI measures the total days taken by SPFO to complete each transaction in the period. The target is expressed as $x\%$ of transactions completed within a target time of y days. When measuring against the statutory deadline however, the target is expressed as $x\%$ of transactions completed before the statutory deadline has expired.
Compliance	<ul style="list-style-type: none"> • Complaints 	Source: <i>Lagan</i> , Glasgow City Council's monitoring and recording system. Stage 1 complaints must be answered in 5 working days, Stage 2 complaints 20 working days. The target measures the volume of complaints received against the actual average days it took to complete giving an overall percentage achieved. Number of upheld complaints expressed as a percentage of overall complaints received.
Finance	<ul style="list-style-type: none"> • Pensions payroll run on time • New retireals processed for due date 	<p>Source: RBS/BACS SPFO makes all monthly pensions payments via a single BACS pay run on 15th of each month (or previous business day where 15th is not a business day). The KPI measures whether or not the BACS payroll ran on the due date each month.</p> <p>Source: <i>Altair</i> pensions system When a member retires, SPFO aims to ensure that, where the required notice period has been observed, they receive their first pensions payment on 15th of the month after the month of their retiral. The KPI measures the total incidence of this being achieved each month and is expressed as a percentage of total members retiring (excluding ill health retireals and retireals with AVCs involved).</p>

	<ul style="list-style-type: none"> Retiral lump sums paid on retirement date Deferred pensions processed for due date Deferred lump sum paid on due date Contributions income received on due date 	<p>Source: <i>Altair</i> pensions system When a member retires SPFO aims to ensure that, where the required notice period has been observed, they receive any retirement lump sum on the first day of their retirement – i.e. the day after their last day of employment. The KPI measures the total incidence of this being achieved each month and is expressed as a percentage of total members retiring (excluding ill health retirals and retirals with AVCs involved).</p> <p>Source: <i>Altair</i> pensions system When a deferred member elects to take their pensions and submits all relevant documentation, SPFO aims to ensure that they receive their first pensions payment on the 15th of the month after the member's election/retirement date. The KPI measures the total incidence of this being achieved each month and is expressed as a percentage of total members retiring (excluding ill health deferred medicals and members with AVC's)</p> <p>Source: <i>Altair</i> pensions system When a deferred member retires SPFO aims to pay any retirement lump sum within 5 days of the calculation being completed or for future deferred retirements within 5 days of the member's retirement date. The KPI measures the total incidence of this being achieved each month and is expressed as a percentage of total members retiring (excluding ill health deferred medicals and members with AVCs).</p> <p>Source: SPFO Bank account/ SAP ledger system All member and employer contributions should be credited to SPFO's bank account by 19th of month following that in which the member contributions were deducted. The KPI measures the total contributions by value received on time and is expressed as a percentage.</p>
<p>Investments</p>	<ul style="list-style-type: none"> Total Return v Benchmark Return 	<p>Source: the Fund's global custodian, Northern Trust, is responsible for independent performance measurement and provides detailed quarterly reports on all aspects of investment performance based primarily on data from the assets held in custody by them.</p> <p>Total return is measured as the increase or decrease in the total value of investments as a result of income received together with realised or unrealised</p>

		<p>gains in the market value of the investment, expressed as a percentage of the value of the investment at the start of the measurement period.</p> <p>The benchmark return is the total return on a defined market index or combination of indices. The KPI measures total return for the Fund or the portfolio compared with the strategic benchmark or portfolio benchmark return.</p>
Business & Development Priorities		Significant issues or delays mean that item may not be completed as envisaged.
		Some issues or delays but item will be completed largely as envisaged.
		No material issues or delays.

Appendices 5



Appendix 5

Investment Objectives, Strategy & Structure
2025 allocation by manager and mandate type

Asset Category / Mandate Type	Manager	Target (%)	Benchmark
Equity		47.0	
Passive	L&G Global	13.9	Low carbon index composite
	L&G RAFI	4.1	RAFI Low Carbon Index
U/c Global	Baillie Gifford	7.5	MSCI All Countries World index
	Lazard	2.5	MSCI All Countries World index
	Veritas	2.5	MSCI All Countries World index
	Oldfield	2.5	MSCI All Countries World index
Specialist	Lombard Odier	1.0	Specialist smaller companies index
	JP Morgan	3.0	Regional smaller co. indices
	RBC GAM	2.0	MSCI Emerging Markets Index
Private Equity	Pantheon / PG	7.5	MSCI All Countries World index +5%
DIP Equity	Various	0.5	CPI +3%
Hedging/Insurance		10	
Passive I/L	UK Index Linked	5.0	FTSE Index Linked over 5 Years
	UK Gilts	5.0	FTSE All Stocks
Credit		5	
Passive Credit	L&G Corporate	2.5	Low carbon UK/US indices
	L&G Buy&Maintain	2.5	Iboxx Sterling Non Gilts 5+ Index

STEY		17	
Absolute Return	PIMCO	4.0	SONIA +3.25%
	Ruffer	2.0	SONIA+3%
Multi Asset Credit	Barings	2.25	SONIA+4%
	Oak Hill	1.75	SONIA +4%
Private Debt	Barings	1.75	SONIA +4%
	Partners Group	1.0	SONIA +4%
	Pantheon	0.75	SONIA +4%
	ICG Longbow	1.0	SONIA +4%
DIP STEY	Various	1.5	CPI +3%
Cash	Northern Trust	1.0	SONIA
LTEY		21	
Property	DTZ	9.0	IPD Quarterly Universe
	Partners Group	2.0	8% p.a. absolute return (£ adjusted)
Infrastructure	JP Morgan	4.5	8% p.a. absolute return
DIP LTEY	Various	5.5	CPI +3%
Total		100	

Appendices 6



Appendix 6

Review of 2025/26 Business & Development Priorities

Item	Description	Summary of Progress	Status
Governance			
Actuarial Valuation 2026	Planning and preparation for the statutory triennial valuation as at 31 st March 2026.	Plan in place for production of data. Initial discussion of funding strategy completed with actuary. Funding update report to November SPF committee meeting provided indication of high level strategy. Plan for completion of valuation within 12 month regulatory timescale will largely mirror 2023 schedule – summarised in Funding Update report to SPF Committee March 2026.	Complete
Assurance Mapping	Develop Assurance Mapping for SPF as part of Risk Strategy.	Map current risk register. Mapping included in Risk Register Update report to SPF Committee March 2026.	Complete
Investments			
Climate Action Plan	Review of SPF Climate Action Plan agreed in 2023.	Plan for review agreed at August 2025 IAP meeting. Review to include: progress to date against 2023 alignment priorities; the revised Net Zero Investment Framework ‘NZIF 2.0’; TCFDs and TNFDs; future alignment and targets – i.e. a revised plan for the period 2026 -2029 and thereafter. November IAP reviewed Hymans Robertson’s initial proposals for review of energy company assessment framework and update of fair share analysis to 30 June 2025. Northern Trust updated carbon footprinting to 30 June 2025. New Climate Transition Plan to SPF Committee March 2026 for approval.	

Investment Strategy and Structure	Preparation for review in line with 2026 actuarial valuation.	Discussions at IAP meetings from August 2025. Review to include: consideration of alternative investment strategies for employers; balance of growth v other assets; outcomes of review of SPF CAP (see above); SPF benchmarks (especially STEY); performance and prospects of individual mandates.	Complete
Pensions Administration			
Pensions Dashboard	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. Deadline for LGPS connection is September 2025.	Testing phase completed over April/May to ensure data readiness and technical compliance. System software version update completed. Connection with Dashboard ecosystem achieved and confirmed 6 th October, ahead of the statutory deadline for LGPS of end October 2025. Preparation and planning for public access go-live after October 2026 to be completed, including agreeing matching criteria, protocols, and response processes.	Complete
McCloud Remedy	Final phase of McCloud Remedy to address and remove age discrimination in the LGPS 2015 transitional protections.	Content of annual benefit statements reviewed and updated to include McCloud underpin information ahead of issue at end August 2025. Payment revisions for current pensioners largely complete during 2025. Payment revisions for “other” (non-pensioner) statuses (transfers out, deaths, etc.) to be completed during 2025/26.	Complete
ICT Arrangements	Migration of Altair pensions system to cloud-based solution hosted by Heywood.	SPF committee agreed detailed proposal at June 2025 meeting. Remainder of timetable subject to SIIT/CGI agreement – project to commence January 2026.	Complete
Pension Administration Strategy (PAS)	Triennial review of PAS.	Reviewed, re-drafted and approved at November SPF committee meeting for consultation with employers. Statutory consultation till February 2026.	Complete

		Final PAS to be approved for publication effective 1 st April 2026.	
Member Self Service	Migration to new <i>Heywood Engage</i> platform. (carried over from 2024/25).	Needed to be completed by end January 2026 as current platform will no longer be supported. Originally targeting transfer in early 2025. Testing completed, but migration delayed pending functionality improvements awaited from Heywood. Migration and go-live successfully achieved in January 2026.	Complete
Communications			
SPF 50	May 2025 marked 50th anniversary of SPF's creation in 1975.	New SPF brand and visual identity rolled out from May 2025. 50x£50 competition received over 6,600 member entries. 75 prizes awarded. "50 years and counting" event held on 18 th September	Complete

Appendices 7



Appendix 7

2026/27 Business & Development Priorities

Item	Description	Actions/ Outcomes/ Timeplan
Governance & Funding		
Actuarial Valuation 2026	Completion of the statutory triennial valuation as at 31 st March 2026.	Agree assumptions in June; full data download to actuary by end July; preliminary results to SPF Committee in September; individual employer results October/November; final report to SPF Committee March 2027; statutory deadline for completion March 2027.
Funding Strategy	Review Funding Strategy Statement (FSS).	Revised draft FSS to SPF Committee in September; consultation with employers and others October to January; final version to SPF Committee March 2027; publication and effective date 1 st April 2027.
Succession Planning & Management	Ensuring business and service continuity maintained over period of governance and management changes.	Plan for: new committee after 2027 council elections; new Board after 2027 council elections; and some senior management changes.
Investment		
Investment Strategy and Structure	Review in line with 2026 actuarial valuation.	Review of overall allocations across asset categories to be informed by Asset Liability Modelling based on actuarial data. Review allocations within individual asset categories, in particular LTEY, STEY and Equities. Incorporate Climate Transition Plan priorities. Review Relative Value Framework. Report conclusions and recommendations to SPF Committee in March 2027.
Property Valuer	Review arrangements for independent valuation of property portfolio.	May involve tender of existing contract with Avison Young. Conclude by December 2026.

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. Conclude by December 2026.
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. Go-live date has yet to be confirmed but will be after October 2026.
Cloud Hosting	Migration of Altair pensions system to cloud-based solution hosted by Heywood.	Project involves: 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. Project timetable subject to SIIT/CGI/Heywood agreement. Should complete by March 2027.
IHT	Preparation for extension of Inheritance Tax (IHT) to include pensions lump sum death grants.	Review and revision of SPFO processes to comply with new HMRC rules which will bring these payments into the scope of IHT from April 2027.

Appendices 8



Appendix 8

Committee Agenda Plan

23 June 2026	23 September 2026	25 November 2026	March 2027
Training: briefing (TBC)	Training: briefing (TBC)	Training: briefing (TBC)	Training: briefing (TBC)
DIP: Investment Proposal(s) (TBC)	DIP: Investment Proposal(s) (TBC)	DIP: Investment Proposal(s) (TBC)	DIP: Investment Proposal(s) (TBC)
Annual Report - unaudited	Annual Report - audited		
	EY - Annual Audit Report		EY - Annual Audit Plan
Internal audit: reports (TBC), Annual Audit Report, Annual Governance Statement	Internal audit: reports (TBC)	Internal audit: reports (TBC)	Internal audit: reports (TBC), Annual Audit Plan
Training Policy, Practice & Plan		Business Plan - update	2027/28 Business Plan
Gifts & Hospitality Register		Actuarial Valuation and Funding Strategy Statement – preliminary results and draft FSS	Actuarial Valuation and Funding Strategy Statement – final results and FSS
			Investment Strategy & Structure Review – conclusions and recommendations
	Updates: Administration, Finance, Investments, Funding, Risk Register	Updates: Administration, Finance, Investments, Funding, Risk Register	Updates: Administration, Finance, Investments, Funding, Risk Register



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