

Annual Report & Financial Statements

For the year ended 31 March 2026

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About Strathclyde Pension Fund

Strathclyde Pension Fund (SPF) is part of the Local Government Pension Scheme (LGPS).

It is one of 11 LGPS funds in Scotland and around 100 in the UK.

SPF is the second largest of the UK LGPS funds.

The LGPS is a statutory scheme established under primary legislation –the Superannuation Act 1972 and Public Service Pensions Act 2013.

About Strathclyde Pension Fund

The scheme rules take the form of a series of regulations – the Local Government Pension Scheme (Scotland) Regulations. The regulations are Scottish Statutory Instruments (SSIs).

There are separate sets of regulations to set out the scheme benefits, investment arrangements and governance requirements.


The LGPS is a multi-employer, defined benefit scheme. The benefits are based on final salary for all service to 31st March 2015 and career average earnings for benefits from 1st April 2015.

The Strathclyde Pension Fund was created in 1975. It has been managed by Glasgow City Council since 1996.

The Fund is a pool into which member and employer contributions are paid. The money is invested so that pension benefits can be paid as they fall due.

Participating employers include the 12 local authorities in the west of Scotland; Scottish Police Authority, Scottish Fire and Rescue, and Scottish Water; a number of universities and colleges; local authority subsidiary companies and contractors; and a wide range of other organisations with funding or service links to the local government sector.

As at 31st March 2026 the Strathclyde Pension Fund had almost **298,000** members, **132** participating employers and investment assets of **£33.4 billion**.



Strathclyde Pension Fund had almost **298,000** members, **132** participating employers and investment assets of **£33.4 billion**.



Foreword

Councillor Richard Bell

City Treasurer and Convener of Strathclyde Pension Fund Committee

The bit in the middle was fine...

2025/26 got off to a difficult start and did not have the happiest of endings. The proximate cause was the same in each case – unexpected and unexplained US policy changes. In the first few days of the financial year these took the form of the Liberation Day trade tariffs which were announced on April 2nd 2025 then subsequently confirmed, revised, countered, paused, and ultimately held to be illegal. At the end of the year came Operation Epic Fury – a series of US-led airstrikes against Iran launched on 28th February which provoked widespread counter-strikes across the Middle East. Both of these – Liberation Day and Epic Fury – provoked a sharp negative reaction from global investment markets. Both may also have longer-term detrimental impacts on geopolitics, security dynamics and global economics.

Setting aside these two shock events, and without wishing to understate the potential gravity of their consequences, the remainder of the year was largely very positive.

SPF's total investment return for the year was **+9.2%**. Perhaps more important: the 3-year return was **+7.5% p.a.**, comfortably ahead of the actuarial assumption of **+5.0% p.a.** This is significant as it means that investment performance will be a material positive contributor to the outcome of the actuarial valuation as at 31st March 2026 which is now underway.

Closing Fund value was **£33.4 billion**, an increase of **£2,164 million** over the previous year's close.

A very satisfactory financial outcome, particularly given investment market turbulence and the reduction in income from the heavily discounted employer contribution rate still being enjoyed by employers during 2025/26.



It was of course a milestone year for SPF. Established in May 1975, we celebrated our 50th anniversary in May 2025. We marked the occasion with a survey of our members and a new, fresh brand to take us forward into the next 50 years and beyond.

Other highlights during 2025/26, in addition to the business-as-usual activity of managing the Fund's investments and taking care of our **298,000** members, included:

- achieving connection to the Pensions Dashboard ecosystem. In due course this will allow UK individuals to access clear and simple information about all of their pension savings, including the state pension;
- completing migration to the new *Engage* platform for our own member self service portal; and
- publishing a Climate Transition Plan 2026-29, which will build on the success of our previous Climate action Plan 2023, and form the basis for the next stage in our climate evolution.

In fact, the in-year objectives for all 10 projects included in our 2025/26 Business Plan were completed within the year, though some will carry forward to a further phase with new objectives in 2026/27.

So, another very good year, which again leaves us more strongly positioned than ever before with Fund value, membership numbers and funding level all achieving new highs. Some tapering off of the funding level was experienced towards the year end, but in spite of that a good or very good outcome is anticipated from the 2026 actuarial valuation which will be the overriding priority for the coming year.





Snapshot

+9.2%

Total investment return for year

£33.4bn

Closing Fund value

£2.2bn

Increase in year

£555m

Investment income

297,922

Total members

7,120

Increase in membership

132

Participating employers

99

SPFO staff in post

£948m

Pension payments in year

£451m

Income from members and employers

£-638m

Net cash flow from dealing with members

Management Commentary

Strategy and objectives

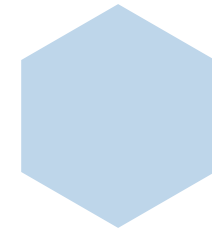
The Strathclyde Pension Fund (SPF) has one overriding objective: to secure the payment of pension benefits now and in the future to its members. That is the common purpose of the Fund's longer-term policies, objectives and strategies. These are agreed by the Strathclyde Pension Fund Committee and set out in SPF's [policy documents](#). The documents cover governance, risk, funding, investment, administration and communications. Each of these is reproduced or summarised within this annual report. All policy documents are available from the Fund's website at: www.spfo.org.uk

Through the Fund's history, these strategies have proven robust. SPF has shown real resilience at both a strategic and operational level through a number of turbulent periods: the dot-com bubble, the great financial crisis, and more recently the COVID-19 pandemic. Pensions have been paid, longer-term investment returns have been strong, funding level has been consistently around or above target.

Once again, in 2025/26, there was no shortage of turbulence in the political, economic and market background. Once again, SPF navigated a successful route through the year.

External Background

2024/25 had been characterized by political change with the advent of new governments in both the UK and the US. Both of these were potentially significant for SPF. In the event, at least as far as 2025/26 is concerned, the latter has been much more impactful than the former.



Pensions Policy is high on the UK government's agenda, and a Pensions Bill made its way through the legislative process in the course of the year before receiving Royal Assent as the Pension Schemes Act 2026 shortly after the year end. The Act represents a significant package of reforms to the UK pensions system. It had early and pronounced impacts on the Local Government Pension Scheme (LGPS) in England & Wales, including reduction of the number of asset pools, provisions regarding local investment, and various changes to scheme governance. The Act does give powers to Scottish Ministers to introduce pooling of LGPS assets. And the various governance changes will be considered and could in due course be applied in some way in Scotland. But the Act has no immediate impact on the Scottish LGPS.

Similarly, the US political administration also has no direct impact on the Scottish LGPS. But it does oversee the world's biggest economy and largest investment market. The US also remains hugely important in terms of its global influence: its government's actions reverberate and can have significant repercussions on the global economy, geopolitics, action on climate change and a raft of other issues. This was emphatically the case during 2025/26 – most acutely at the start and end of the year in the form of the Liberation Day trade tariffs, and the Epic Fury airstrikes on Iran. Both of these were economically disruptive, potentially inflationary, and could have after-effects which impinge on global and domestic trade and industry for many years to come.

Not all developments are political, of course. Outside of politics, much of the context for the year was provided by technological developments – in particular the continuing ascendancy of AI, and the increasing incidence of cyber attacks. AI has massive potential both for good and bad. Cyber crime has no upside, only risk.

In the face of all of this change, the much-used mantra of one of SPF's investment managers is probably worth repeating – don't predict, prepare. That preparation is a continuous process for SPF, but its foundations are long-standing: a diversified investment strategy to mitigate risk and embrace new opportunities; a large stable of highly regarded and expert investment managers, advisers, partners and other counterparties to keep up with or ahead of real world and real time changes; robust best-in-class systems and controls; and – not least – an experienced team of dedicated pensions practitioners in the SPFO staff.

All of this contributed to another successful year for SPF in spite of the many challenges and potential pitfalls: investment performance was strong, Fund value and membership both continued to grow, pensions were paid on time and without incident. This Management Commentary provides an overview. Further detail is included in the individual sections of this Annual Report.

Membership

Scheme membership increased once more and reached another new high just short of **298,000**. All categories experienced an increase, but this was only marginal for active (employee) membership. Following two consecutive years of reduction, a return to active membership growth was very welcome. But it looks to have been driven specifically by mandatory re-enrolment of employees during the year by several employers, and may not represent a return to a longer-term growth trend. This may impact on future Fund maturity and cash flows. That will become clearer as the actuarial valuation as at 31st March 2026 progresses.

Employer numbers reduced again, from 141 to **132**. This continued a trend of some years' standing and which seems likely to have some further way to run. The trend had previously been driven by smaller employers taking advantage of the improving funding level to exit the scheme at little or no cost in favour of alternative, defined contribution pension arrangements. In fact, exiting employers now receive sizeable exit credits in contrast to the previously prevailing position where employers were required to make an exit payment to the Fund. During the year the trend extended to some larger employers and employers who were not previously looking to exit. A list of participating employers is included in the Administration section of this annual report.

Administration

The financial statements show pension and lump sum payments of **£948m** together with refunds and transfers out of **£141m**. Total contributions and other benefits income receivable was **£451m**, producing a net outflow of **£638m** from dealings with members.

Given the scale of the membership and the complexity of the scheme, administration is a highly specialised function. This is compounded by frequent amendments and revisions to the scheme rules. The most significant of these in recent years – the McCloud Remedy - was largely implemented during the year. Further amendments are anticipated in 2026/27 in light of a Scottish Government consultation based on *Access and Fairness* amendments already implemented in the scheme in England & Wales. In a further change, certain scheme payments will become subject to Inheritance Tax from April 2027. To address this, and to ensure ongoing delivery of the scheme benefits and compliance with the regulations, a review of the Pension Administration Strategy was completed during the year and a revised strategy agreed for implementation from 1st April 2026.

The SPF Committee also approved a project to migrate hosting of the *Altair* pensions system from on-premises to a cloud-based solution provided by the system supplier *Heywood*. This will be completed during 2026 and will provide additional resilience and recoverability.

Member cash flows were impacted again this year by the heavy discounting of employer contribution rates to **6.5%** (of pensionable payroll) agreed at the conclusion of the last actuarial valuation in light of the significant funding surplus. Contributions revert to a higher rate of **17.5%** from 1st April 2026.

The rate from 1st April 2027 will be determined by the 2026 valuation. Employers have been advised that a long-term sustainable rate of **15%** could reasonably be used for planning purposes. This is incorporated in the 10-year cash flow projection which is included at the end of this introductory section of the annual report.

Cash balances are being maintained at a higher level than previously, as evidenced by the closing figure of **£1,197m**. It is anticipated that higher balances will continue to be held in the near term to ensure ample liquidity for pension payments.

Communications

SPFonline is the secure portal which allows members to view their pension records, benefit statements, and other documents; make changes to their contact details and nominations, and carry out modelling of their future benefits.

In January 2026, SPFO migrated SPFOonline to the new platform *Engage*, provided by *Heywood*. For SPF members this means a portal that is more intuitive to navigate with information presented in a way that's easier to understand. *Engage* also comes with stringent security measures, including multi-factor authentication (MFA) and Electronic Identification Verification (EIdV). To end March **32,308** members had migrated to the new platform. The roll out of the new platform will continue throughout 2026/27.

Members registered to use the *SPFOonline* service increased from 147,000 to **157,000** over the year and the portal continues to be developed as the primary channel for communications between SPF and its members. Greater member usage of *SPFOonline* is now targeted in addition to increased numbers registered. Usage showed an increase from 111,000 logins last year to over **115,000** this year.

Further details of Communications delivery are included in the Administration section of this annual report.

Investment

The Fund's total investment return for the year was **+9.2%**. The 3-year annualized return was **+7.5%**. The latter number is particularly significant given that it exactly covers the period since the last actuarial valuation of the Fund in 2023. The investment return assumption then was **+5.0% p.a.**, which means that investment performance will be a positive contributor to the result of the 2026 valuation. The investment strategy is therefore demonstrably delivering its objective – to support the funding strategy. It is also true, however, that performance in recent years has been some way short of benchmark - the benchmark return for the year was **+11.8%**. The 3-year benchmark return was **+9.8%**. Most of the relative underperformance can be attributed to the equity portfolios, which continued to drive total Fund performance, returning an aggregate **+13.5%**, for the year, but fell well short of the equity benchmark return of **+18.5%**.

Market performance for much of the year was driven by AI and technology, where heavy spending on chips and data centres initially provoked investor enthusiasm before doubts began to take hold as to whether this would really translate into the anticipated increases in profitability. A surge in energy prices towards the end of the year raised fears over inflation, and accelerated a rotation from growth to value stocks and sectors.

In this difficult investment environment most managers underperformed, though some of SPF's more value-oriented equity portfolios did perform well over the year. Outside of equity, there were also some strong portfolio performances, but most mandates delivered solid positive returns without adding real value relative to benchmark.

The 5-year and 10-year returns of **+5.7% p.a.** and **+8.2% p.a.** are similarly positive, but behind benchmark (**7.3% p.a.** and **8.2% p.a.** respectively).

Managers and mandates will be comprehensively reviewed during 2026/27 as part of the triennial review of investment strategy and structure.

Investment activity over the year focused on the final strands of implementation of the various changes agreed as the outcome of the 2023/24 review of investment strategy and structure. These included completion of the transition of emerging market equities from legacy portfolios to the new RBC mandate; and a **£495m** switch of corporate bonds to new low carbon transition mandates. There was also some rebalancing activity during the year and some new private markets commitments to maintain mandates at target levels going forward. The SPF Direct Impact Portfolio (DIP) also had another very active year.

Impact

The SPF Direct Impact Portfolio (DIP) has a stated objective of adding value through local economic, environmental, social or governance impact.

DIP reviewed 149 investment opportunities in the year and agreed **5** with a total new commitment value of **£175m**. These spanned UK regional growth capital, SME credit financing, mixed tenure affordable homes, life sciences technology, and renewable energy infrastructure (windfarms). This brought DIP total commitments to **£2,457m**.

DIP's closing Net Asset Value was **£1,675m**, spread across **37** investment managers and **70** separate fund investments.

Measurable impacts from DIP funds in 2025 included **159,000** tons of CO₂e emissions avoided – enough to power **332,000** homes. Funds in which DIP invests have **£850m** invested in Scottish infrastructure, housing, and venture or growth capital.

Climate Change

In the early part of the year, a **£495m** switch to low-carbon corporate bonds was completed within the Credit allocation. This represented the final strand of activity agreed in the SPF Climate Action Plan which was approved in 2023. With all the priorities in that plan now complete, and in line with SPF's [2025/26 Business Plan](#) a further review of climate change strategy was completed during the year. A new [Climate Transition Plan 2026-29](#) was approved by the SPF Committee in March 2026. The new plans sets out the priorities for the next stages of SPF's climate evolution. These include ongoing decarbonisation together with increased consideration of physical risk and asset adaptation, and a greater emphasis on nature and biodiversity.

Stewardship

SPF was again confirmed as a signatory to the **UK Stewardship Code** after the Financial Reporting Council (FRC) completed its 2025 assessment – a fourth successful year for SPF since the revised Code was published in 2020. Production of the annual [Stewardship Report](#) is onerous, but the process is a good discipline and provides a valuable endorsement of the Fund's commitment to responsible investment, and its active engagement in stewardship initiatives. A [revised Stewardship Code](#) became effective from 1st January 2026. SPF will report against this in future years.

Risk

There was a small aggregate increase in risk ratings during the year. Risk reports also continued to highlight changes in the risk environment. These included: high profile cyber attacks; AI; renewed conflict in the Middle East; energy supply disruption; and a general deterioration in geopolitical stability. To complement the existing risk register, a detailed assurance map was developed during the year and presented to the SPF Committee at its meeting in March 2026. Further details of the risk register and assurance map are included in the Governance section of this Annual Report.

Governance

There were no significant changes to governance arrangements during the year. Governance priorities included assurance mapping, and preparation for the 2026 actuarial valuation. In addition, compliance with the newly published Pension Regulator's General Code of Practice (GCoP) remains an area of focus. SPF demonstrates a very high degree of compliance - further details are included in the Governance section of this Annual Report. The Governance section also summarises a breach of law which was reported to the Pensions Regulator by two of SPF's participating employers during the year. Shortly after the year end a joint report on the issue was submitted to TPR by SPF and 2 other LGPS Scheme Managers.

Business Plan

The Fund's decision-making body, the Strathclyde Pension Fund Committee agrees an annual business plan to identify immediate priorities and ensure that ongoing management and development of the Fund is in line with the longer-term policy, objectives and strategy. The plan sets out resource requirements, Key Performance Indicators (KPIs) and business and development priorities for the coming year. Review of the Climate Action Plan, assurance mapping, connection to the Pensions Dashboard, and preparation for the 2026 actuarial valuation and associated investment review were all priorities for 2025/26. The in-year objectives for all 10 projects in the Business Plan were completed within the year, though some will carry forward to a further phase with new objectives in 2026/27.

Funding

SPF exists to pay pensions. The funding objective – SPF’s overriding strategic objective – is to ensure that sufficient funds are available to pay all members’ pensions now and in the future. This has not always been achieved historically, but in recent years it has not been in doubt. At **147%** (assets/liabilities) the funding level reported in early 2024 as the outcome of the 2023 valuation was markedly higher than at any previous point in SPF’s history. Quarterly funding updates are considered by the SPF committee. These provide an illustrative funding level based on the 2023 valuation results rolled forward to account for cashflows, investment returns and changes in market conditions. On this basis, the indicative funding level has at all subsequent times been higher than at the 2023 valuation date. This remained the case at 31st March 2026, though at **158%** the projected level was some way below its inter-valuation high. A very positive result is therefore anticipated from the 2026 valuation. Employers have been advised that a lower long-term employer contribution rate of **15%** (of pensionable payroll) from 1st April 2027 could be appropriate for budgetary planning. Active consideration is being given to whether there is again scope for short-term reductions in the employer contribution rate. This will be confirmed on completion of the 2026 valuation during 2026/27.

Outlook

Global growth proved remarkably resilient in 2025 in the face of US tariffs and policy uncertainty - expanding at a robust 2.8%. However, the onset of the Middle East conflict increased uncertainty and downside risks to both global growth and inflation towards the year end. The outbreak of the conflict and the effective closure of the Strait of Hormuz (a critical maritime corridor for around 20% of world’s energy trade) triggered a surge in energy prices. Brent crude oil surged to \$118.3 per barrel, up 63.1% in March and 94.5% in Q1. Gas prices also jumped, particularly in Europe and Asia, with UK spot prices up around 60% since the onset of the conflict. Global equities fell 6.3% in March on stagflationary fears, reversing earlier gains to close Q1 down 2.4%.

In contrast, the days and weeks immediately after the balance sheet date were characterised by steady market increases. A return to the resilience shown in 2025? Perhaps. But for how long? That remains to be seen.

More immediately, all SPF pensions will receive a **+3.8%** inflationary increase from April 2026. The over-riding priority for the coming year will be completion of the actuarial valuation as at 31st March 2026. Looking slightly further ahead, council elections in 2027 will bring changes to the SPF Committee and Board – so succession planning and management will also be a priority during 2026/27.

Conclusion

Another year of growth for SPF. A year when all priorities were addressed and objectives achieved. That may not always be the case. Uncertainty and volatility have also grown. SPF's operating environment grows ever more complex. AI and other technologies may provide new solutions but will also present new challenges. There is no room for complacency, but given what SPF has achieved to date, and with another balance sheet high of **£33.4bn**, there is much reason for confidence about the future.

Councillor Richard Bell

City Treasurer

Glasgow City Council and
Convener of Strathclyde Pension Fund
Committee

Susanne Millar

Chief Executive

Glasgow City Council

Robert Emmott

Executive Director of Finance

Glasgow City Council

Key Trends

Membership and Member Transactions

Members	2021/22	2022/23	2023/24	2024/25	2025/26
Employers	159	152	146	141	132
Employee Members	111,804	114,178	113,988	113,519	113,983
Deferred Members	67,744	72,811	78,219	78,685	81,799
Pensioners	87,052	90,102	93,962	98,598	102,140
Total Members	266,600	277,091	286,169	290,802	297,922
Transactions	(£000)	(£000)	(£000)	(£000)	
Employer Contributions	524,771	551,379	635,958	252,530	235,035
Employee Contributions	159,678	170,373	189,994	186,552	198,602
Lump Sums Paid	(158,084)	(168,524)	(209,525)	(243,999)	(214,108)
Pensions Paid	(523,399)	(560,454)	(617,969)	(686,802)	(733,674)
Other Income / (Payments)	13,339	3,062	(2,868)	178,923	(123,500)
Net Transactions	16,305	(4,164)	(4,410)	(312,796)	(637,645)

Total pensions paid over the 5 years amounted to **£3,122m**.

Total lump sums paid over the 5 years amounted to **£994m**.

Total contributions income was **£3,105m**.

One notable change this year was in other income/payments: significant income from an employer consolidation exercise in 2024/45 was replaced with significant outgoings in 2025/26 in respect of employer exit credit payments.

Investments

	2021/22 (£000)	2022/23 (£000)	2023/24 (£000)	2024/25 (£000)	2025/26 (£000)
Opening Value	26,353,643	28,366,012	27,871,526	30,568,878	31,271,820
Investment Income (Net)	377,583	408,472	491,391	516,913	548,737
Management Expenses	(173,757)	(166,195)	(190,990)	(204,365)	(219,677)
Member Transactions	16,305	(4,164)	(4,410)	(312,796)	(637,645)
Change in Value	1,792,238	(732,599)	2,401,361	703,190	2,473,008
Closing Value	28,366,012	27,871,526	30,568,878	31,271,820	33,436,243

Investment figures above show an increase in total Fund value of **+26.9%** over the 5 years. Investment return was **+5.7% p.a.**

Total change in value was **+£7,082,600m.**

Only one year out of the 5 saw a fall in value.

Total investment income was **£2,343,096m.**

Cash Flow Forecast

The figures below provide an estimate of annual cash flows over the next 10 years.

2025/26 figures are per the fund account.

Forecasts are based on actual cash flows to 2024/25 together with part-year cash flows for 2025/26.

	2025/26 (£000)	2026/27 (£000)	2027/28 (£000)	2028/29 (£000)	2029/30 (£000)	2030/31 (£000)
Pensions Income	451,552	886,721	824,495	867,954	912,770	959,425
Pensions Expenditure	1,089,197	1,051,787	1,122,166	1,185,667	1,251,780	1,320,600
Net Pensions Cash Flow	-677,645	-165,066	-297,671	-317,713	-339,010	-361,175
Net Investment Income	548,737	483,494	507,121	532,571	558,966	586,680
Net Cash Flow	-128,908	318,428	209,450	214,858	219,956	225,505

	2031/32 (£000)	2033/34 (£000)	2034/35 (£000)	2035/36 (£000)	2036/37 (£000)
Pensions Income	1,008,230	1,059,409	1,113,145	1,169,603	1,228,937
Pensions Expenditure	1,392,221	1,466,750	1,544,286	1,624,942	1,708,825
Net Pensions Cash Flow	-383,991	-407,341	-431,141	-455,339	-479,888
Net Investment Income	615,779	646,334	678,416	712,103	747,473
Net Cash Flow	231,788	238,993	247,275	256,764	267,585

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.

2

Governance



Who manages Strathclyde Pension Fund?

Given the size and complexity of the Strathclyde Pension Fund there are a large number of decision makers, advisers and practitioners involved in running it. The key roles are illustrated and described in the following pages.

Who manages Strathclyde Pension Fund?

Strathclyde Pension Fund Governance

Glasgow City Council is the administering authority responsible for managing the Fund. Glasgow City Council's **Strathclyde Pension Fund Committee** is the main decision-making body for the Fund.

The **Committee Sounding Board** reviews proposals before they are considered by the Committee for decision.

The **Pension Board** assists the Committee in securing compliance with the regulations, other legislation, and the requirements of the Pensions Regulator.

The **Executive Director of Finance** is the responsible officer.

The **Director of Strathclyde Pension Fund** is the principal adviser to the Committee and to the Board and is the senior officer within the **Strathclyde Pension Fund Office (SPFO)** which administers the scheme, manages the Fund and implements Committee decisions.

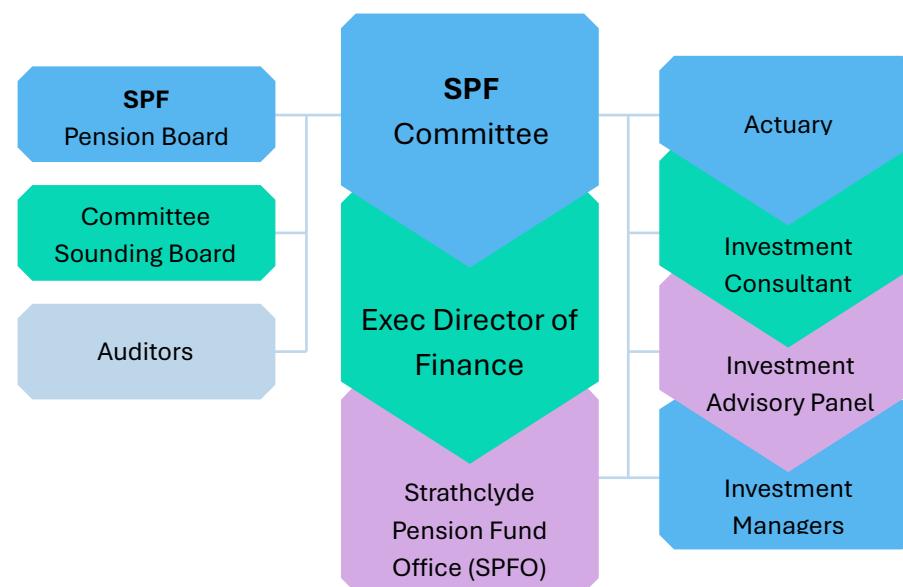
The **actuary** provides advice on funding strategy and risk. The **investment consultants** provide advice on all aspects of investment objectives, strategy and structure.

The **Investment Advisory Panel** develops investment strategy and monitors investment performance.

The **internal auditors** review risk, controls, and governance.

The **external auditor** expresses an opinion on the financial statements and wider issues including financial management, sustainability, governance, and use of resources.

The **investment managers** manage the Fund's investment portfolios.



Who manages Strathclyde Pension Fund?

Strathclyde Pension Fund Committee

The Committee comprises 8 elected members of Glasgow City Council. Councillor Malcolm Mitchell replaced Abdul Bostani in April. Councillor Alex Kerr replaced Ruairi Kelly in June. There were no other changes during the year. Committee membership as at 31st March 2026 is shown below.



**Councillor
Richard Bell
(Convener)**



**Councillor
Malcolm
Mitchell**



**Councillor
Jill Brown**



**Bailie
Martha Wardrope
(Vice-Convener)**



**Councillor
Elaine Gallagher**



**Councillor
Allan Gow**



**Councillor
Catherine Vallis**



**Councillor
Alex Kerr**

Glasgow City Council's **Strathclyde Pension Fund Committee** is the main decision-making body for the Fund.



Current committee membership is shown in the [Governance](#) area of the Fund's website. The Council and the Committee recognise that they have fiduciary duties and responsibilities towards pension scheme members and participating employers that are analogous to those holding the office of trustee.

Under its Terms of Reference, the Committee has the power to discharge all functions and responsibilities relating to the Council's role as administering authority for the Strathclyde Pension Fund in terms of the Local Government (Scotland) Act 1994 and the Public Service Pensions Act 2013.

Committee members may also be scheme members either under the provisions for Councillor membership or as a result of previous service as employee members or both.

Committee Attendance 2025/26

Richard Bell	4/4
Abdul Bostani	0/1
Jill Brown	3/4
Elaine Gallagher	3/4
Allan Gow	3/4
Alex Kerr	3/3
Malcolm Mitchell	4/4
Catherine Vallis	4/4
Martha Wardrop	4/4

Strathclyde Pension Fund Board

The Local Government Pension Scheme (Governance) (Scotland) regulations require each administering authority to establish a board with responsibility for assisting in relation to securing compliance with:

- the regulations and other legislation relating to the governance and administration of the Scheme; and
- requirements imposed in relation to the Scheme by the Pensions Regulator.

A Pension Board has to comprise an equal number of representatives appointed by scheme employers and relevant trade unions.

Pension Board membership was renewed following council elections in May 2022.

There were no changes to membership during the year.

As at 31st March 2026 the Strathclyde Pension Fund Board membership comprised:

Employer Representatives		Trade Union Representatives	
Cllr Ian Davis	South Ayrshire Council	Scott Donohoe	UNISON
Darren Patterson	Scottish Police Authority	Thomas Glavin	UNITE
Cllr Martin Rooney	West Dunbartonshire Council	Stephen Kelly	UNISON
Cllr Sandy Watson	North Lanarkshire Council (Chair)	Andrew Thompson	GMB (Chair)

The Joint Secretaries to the Pension Fund Board were:

Employers		Trade Unions	
Morag Johnston	Glasgow City Council	Scott Donohoe	UNISON

In accordance with the regulations the Pension Board meets at the same place and time as the Pension Committee to consider the same agenda as the Committee. The Chair of the Pension Fund Committee acts as Chair of that meeting. The Pension Board also meets separately from the Pension Committee with the agreement of the Pension Committee.

The **Pension Board** meets at the same place and time as the Pension Committee

Board Attendance 2025/26

Ian Davis	8/8
Darren Patterson	3/8
Martin Rooney	5/8
Sandy Watson	8/8
Scott Donohoe	7/8
Thomas Glavin	6/8
Stephen Kelly	4/8
Andrew Thomson	7/8

Sounding Board

Since 2009 the Strathclyde Pension Fund Committee has maintained a working group or Sounding Board drawn from its membership. The main function of the Sounding Board is to review proposals before they are considered by the Committee for decision – in particular investment proposals for the Direct Impact Portfolio and proposals relating to development of investment strategy. Sounding Board membership was renewed following council elections in May 2022.

As at 31st March 2026 the Sounding Board membership comprised:

Cllr Richard Bell (Convener)

Bailie Martha Wardrop (Vice-Convener)

Cllr Jill Brown

Investment Advisory Panel

The Investment Advisory Panel is responsible for:

- developing investment strategy
- monitoring investment performance
- funding level monitoring
- assisting in the selection and appointment of investment managers
- setting and reviewing detailed investment mandate terms and guidelines
- assisting with strategic development of DIP to ensure that it complements and/or enhances the overall investment strategy
- assisting with development of the responsible investment and climate change strategies to ensure that they are consistent with the overall investment and funding strategies
- implementation of the rebalancing strategy and the relative value framework
- monitoring cash flows
- implementation of the private equity, private debt and global real estate programmes.

The Investment Advisory Panel membership comprises investment officers from the Fund and representatives from Hymans Robertson as the Fund's actuary and investment consultant together with 3 independent expert advisers:

Iain Beattie qualified as an actuary and had a 20 year career in investment management at a number of Scottish investment houses. His roles included Portfolio Manager, Director, Head of International Equities, and Deputy Chief Investment Officer. He subsequently spent 10 years as a Senior Investment Consultant in Edinburgh and London.

Geoffrey Wood is Emeritus Professor of Economics at the Business School, City University, London and Emeritus Professor of Monetary Economics at the University of Buckingham. He has worked at the Federal Bank



of St. Louis and the Bank of England. He has advised several central banks, national treasuries, pension funds and other financial institutions.

Alistair Sutherland spent more than 30 years in the investment industry in roles including investment analyst, researcher, consultant, and director and head of business development.

Strathclyde Pension Fund Office (SPFO)

SPFO is a division of Glasgow City Council's Financial Services Department.

The Executive Director of Finance oversees the department and is the Proper Officer responsible for the Strathclyde Pension Fund.

SPFO is overseen by its own Director and Leadership Team, and had **99** staff in post as at 31st March 2026.

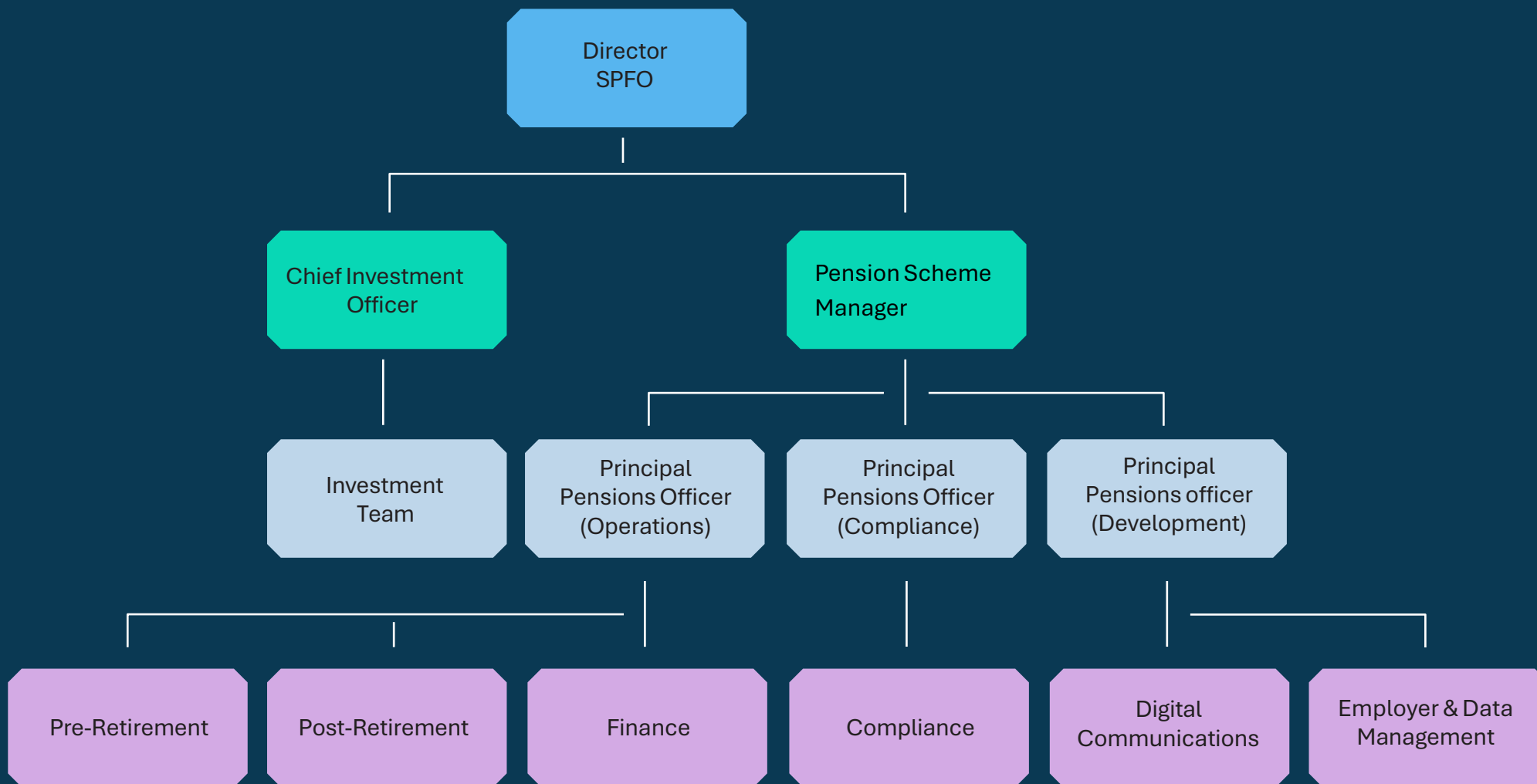
The SPFO Leadership Team comprises:

Richard McIndoe	Director
Jacqueline Gillies	Chief Investment Officer
Linda Welsh	Pension Scheme Manager

The SPFO structure is illustrated below.



Who manages Strathclyde Pension Fund?



Who manages Strathclyde Pension Fund?

Investment Managers and Other Services Providers as at 31st March 2026

The Investment Managers are responsible for:

- portfolio management including individual decisions on purchase, retention and sale of investments.
- decisions on corporate actions and corporate governance (proxy voting).
- responsible investment activity including analysis and engagement with portfolio companies.

Investment Managers

Other Services Providers



Audit of accounts



Property portfolio valuation



Legal services (Property)



Corporate support services



Actuarial services



Investment consultancy



Carbon footprinting



Global custody



Performance measurement



Legal services



AVC provider



Banking Services



ESG engagement

Training

Training Policy, Practice and Plan

Policy Statement

Glasgow City Council, as administering authority for the Strathclyde Pension Fund, recognises the importance of ensuring that all staff and members charged with financial administration and decision-making with regard to the Fund and the local government pension scheme are fully equipped with the knowledge and skills to discharge the duties and responsibilities allocated to them.

The Council therefore seeks to utilise individuals who are both capable and experienced and will provide or arrange training for staff and members of the pensions decision-making bodies to enable them to acquire and maintain an appropriate level of expertise, knowledge and skills.

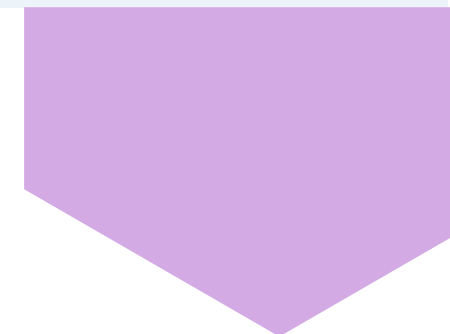
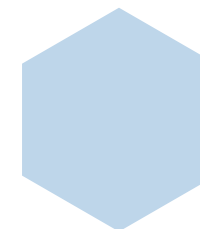
Practice Statement

Glasgow City Council, as administering authority for the Strathclyde Pension Fund, adopts the key recommendations of the Code of Practice on Public Sector Pensions Finance Knowledge and Skills.

The Council recognises that effective financial administration and decision-making can only be achieved where those involved have the requisite knowledge and skills.

Accordingly the Council will ensure that it has formal and comprehensive objectives, policies and practices, strategies and reporting arrangements for the effective acquisition and retention of the relevant public sector pension scheme finance knowledge and skills for those in the organisation responsible for financial administration and decision-making.

These policies and practices will be guided by reference to the comprehensive framework of knowledge and skills requirements as set down in the CIPFA Pensions Finance Knowledge and Skills Frameworks.



The Council will report on an annual basis how these policies have been put into practice throughout the financial year.

The Council has delegated the responsibility for the implementation of the requirements of the CIPFA Code of Practice to the Executive Director of Finance, who will act in accordance with the Council's policy statement, and with CIPFA Standards of Professional Practice (where relevant).

Training Plan

The Committee agrees an annual training plan to ensure that all staff, Committee members and Board members with a role in the management and governance of the Strathclyde Pension Fund are fully equipped with the knowledge, skills and understanding to discharge the duties and responsibilities allocated to them.

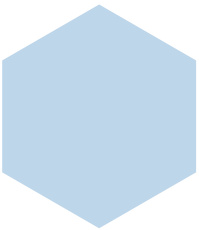
The 2025/26 training plan was agreed at the Committee's meeting on 24th June 2025.

Training offered and delivered during the year included the following.

- Induction training for new Committee and Board members. Based on the CIPFA Knowledge and Skills Framework this covers the key elements of: pensions legislation and guidance; pensions governance; funding strategy and actuarial methods; pensions administration and communications; pensions financial strategy, management, accounting, reporting and audit standards; investment strategy, asset allocation, pooling, performance and risk management; financial markets and product knowledge; pensions services procurement, contract management and relationship management.
- Committee/ Board Briefings on:
 - Securities Servicing (Northern Trust)
 - Stewardship Services (Morningstar Sustainalytics)
 - LGPS Developments (Hymans Robertson)
 - Actuarial Valuation 2026 (Hymans Robertson)

- Board Briefings
 - Infrastructure Investment (SPFO)
 - Public Service Reform (UNISON)
- Attendance at external events:
 - LGC Investment Seminar Scotland 2025
 - PLSA Investment Conference 2026
 - A sustainable Future for the Scottish LGPS 2026
- Support in completing The Pensions Regulator's Public Service Toolkit

In addition, many agenda items considered at Committee and Board meetings are to note for information, and contribute to member training.



Risk Management

Risk policy & Strategy

Risk is the chance that an action or event might happen and that it could have an impact on SPF's ability to achieve its objectives. No organisation can completely eliminate risk. This is particularly so for a pension fund:

- SPF exists to pay future pension benefits;
- the future is inherently uncertain;
- there is therefore a risk that the investment assets of the Fund will be less or more than the pension liabilities.

That risk is managed through the Funding Strategy. Other risks are managed through the investment, administration, governance and communications strategies.

In 2025, the SPF Committee agreed an updated [Risk Policy & Strategy Statement](#).

The statement sets out a common basis for risk management across the Fund's strategies.

The risk policy will be reviewed again during 2027/28.

Risk management process

The risk management process should be a continuous cycle as illustrated opposite.

The SPF risk management strategy sets out how each element of the process will be addressed so that risks are eliminated, transferred or controlled as far as possible.



Risk identification and recording

A detailed risk register is maintained and is central to risk management.

The risk register records:

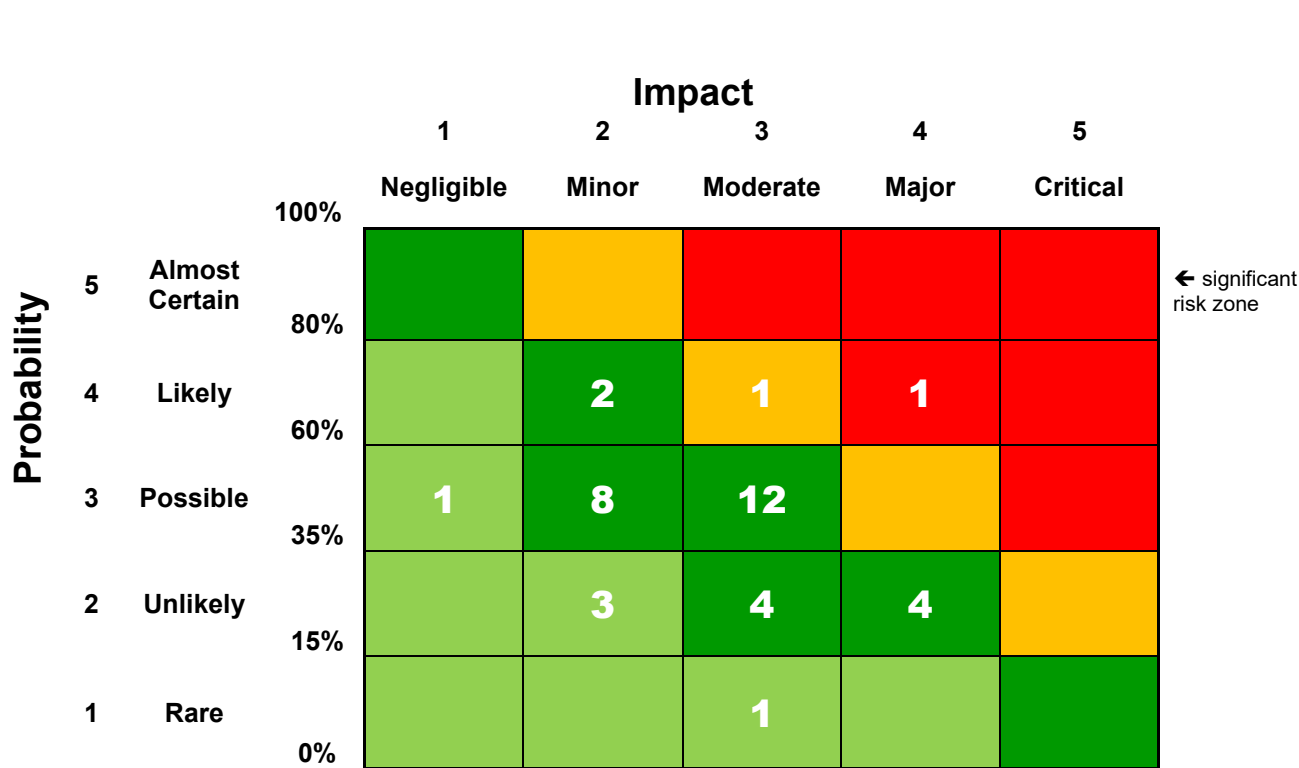
- risk Ref.
- risk description (Risk/ Cause/ Effect)
- related objective
- risk category
- inherent (pre-control) risk scoring
- controls and mitigating actions
- residual (post-control) risk scoring
- previous risk scoring
- ownership

The register provides a simple, systematic and consistent basis for analysis, understanding, communication, management, monitoring and reporting of risks.

Risk analysis and assessment

Having identified potential risks, the next stage of the process is to analyse and profile each of them. This is illustrated in the risk tolerance matrix below, which also shows the distribution of risks recorded in the SPF register as at 31st March 2025.

Risk matrix as at 31st March 2026



Total Risks 37	Very High Risks 1	High Risks 1
--------------------------	-----------------------------	------------------------

Changes since 31 March 2025

New 1	There was a small aggregate increase in risk ratings during the year. Risk reports also continued to highlight changes in the risk environment. These included: high profile cyber attacks; AI; renewed conflict in the Middle East; energy supply disruption and a general deterioration in geopolitical stability.
Increased 3	
Decreased 3	
Closed -	
Static 30	

Response to risk

Residual risks may be tolerated, treated, transferred or terminated. In practice, most will be treated. Controls and mitigating actions are shown in the risk register.

Risk monitoring and reporting

Regular review of the risk register is central to risk monitoring. The register is reviewed by:

- the SPFO Leadership Team at least quarterly; and
- the SPF Committee and Board at least annually (a summary is reviewed quarterly).

Note: individual events such as the COVID-19 pandemic and Russia's invasion of Ukraine are not considered as separate risks in the risk register. Instead, the impact of these on all other risks is considered, and risk scores amended as required.

Risk integration

Risk should not just be considered as a stand-alone issue. It should be an integral part of strategic and operational planning and management.

Consideration of risk forms part of established routines for monitoring and development within SPFO's administration, communications, investment and funding functions.

Risk Register

The principal risks in terms of their residual ranking as at 31st March 2026 are summarised below.

Title	Description	Mitigation / Control	Residual Impact (/5)	Residual Probability (/5)	Residual Score (/25)	Movement since 31 Mar 2025
System Failure	<p>RISK: Issues with pensions administration system and other related systems.</p> <p>CAUSE: Outages, hardware and software failure, cyber attack.</p> <p>EFFECT: Staff downtime, loss of service delivery, data loss, and potential failure to pay pensions.</p>	Access controls, firewalls and other system security measures. Robust system maintenance routines. Internal and external systems support. Back-up procedures. Business Continuity Plan. Business Impact Assessments.	4	4	16	↑
Data Breach	<p>RISK: Theft or loss/misuse of personal data.</p> <p>CAUSE: Cyber attack, human error, process failure.</p> <p>EFFECT: Breach of data protection legislation including GDPR, financial loss and/or penalties, audit criticism, legal challenge, reputational damage, financial penalties.</p>	SPF compliance with GCC GDPR procedures; system security; secure data transfer; data sharing agreements (these are in place with larger employers and many but not all of the smaller ones, leaving some residual risk which is tolerated); staff awareness.	3	4	12	▬

Various	12 individual risks: inflation impact, scheme employer statutory function failure, pensioner mortality, scheme regulation change, resource & skills, discount rate, breach of statutory reporting guidelines, cash flow issues, structural reform of LGPS funds, gearing effect, climate-related financial loss, material breach of scheme regulations.	3	3	9	n/a
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Assurance Mapping

The current SPF Risk Policy and Strategy includes an undertaking to develop Assurance Mapping, and this was included as a priority in the 2025/26 Business Plan.

Assurance Mapping provides some assurance as to risk management and control, by applying the three lines of defence concept to identify sources of assurance:

- **First Line** – comes from within the organisation and includes policies, procedures and performance data and statistics. First line assurance is not independent or objective.
- **Second Line** – relates to the oversight of management activity. It is separate to those responsible for delivery and provides a more objective insight but is not independent. Examples include compliance assessments and reviews.
- **Third Line** – independent assurance that provides an opinion on the governance, risk management and control. Includes internal audit.

A detailed assurance map was developed and presented to the SPF Committee at its meeting in March 2026 together with a summary version, is set out below.

Business Area	Internal Assurance Activity		Independent Assurance
	First	Second	Third
SPF	<ul style="list-style-type: none"> ▪ Management ▪ Strategy, Policy & Procedure ▪ Regulations ▪ Staff training/qualifications 	<ul style="list-style-type: none"> ▪ Governance Structure ▪ Service Support ▪ Council Policies, Procedures and standing Orders ▪ Annual Report and Accounts 	<ul style="list-style-type: none"> ▪ Internal Audit ▪ External Audit ▪ External Governance & Assurance
Investments	<ul style="list-style-type: none"> ▪ Statement of Investment Principles ▪ Training Plan ▪ Experienced SPFO investment team ▪ External investment managers ▪ Investment Management Agreements 	<ul style="list-style-type: none"> ▪ Investment Advisory Panel ▪ Committee reporting ▪ Investment consultants ▪ Global custodian 	<ul style="list-style-type: none"> ▪ FCA ▪ FRC ▪ CMA ▪ PRI ▪ Independent valuers ▪ Investment manager auditors
Funding	<ul style="list-style-type: none"> ▪ Funding Strategy Statement ▪ Training Plan 	<ul style="list-style-type: none"> ▪ Actuarial Valuation ▪ Quarterly updates to SPF Committee 	<ul style="list-style-type: none"> ▪ GAD section 13 Review ▪ Employer auditors and actuaries
Scheme Administration	<ul style="list-style-type: none"> ▪ Pension Administration Strategy ▪ Communications Policy ▪ Training Plan ▪ Experienced SPFO administration team 	<ul style="list-style-type: none"> ▪ Committee reporting ▪ Pensions administration system 	<ul style="list-style-type: none"> ▪ TPR ▪ TPO ▪ SPPA ▪ Actuarial valuation

Further information

Additional information on funding risk is included in the [Funding Strategy Statement](#).

Additional information on investment risk is included in the [Statement of Investment Principles](#).

The [Pension Administration Strategy](#) describes the approach to administration risk including late payment of contributions (though in practice this is relatively rare) and data improvement.

Cyber risk is overseen by the SPF Cyber Security Group.

Notes to the attached Financial Statements include analysis of the nature and extent of risks arising from financial assets and liabilities and financial instruments.

The Annual Audit Report on audit of SPF accounts, the Annual Internal Audit Report, and Annual Governance statement all provide further assurance.

Business Plan

Each year, the Strathclyde Pension Fund Committee is asked to agree a business plan. The plan sets out objectives, resourcing requirements, key performance indicators, and business and development priorities for the Fund for the coming year. The 2025/26 plan was agreed in March 2025. The table below provides a final review of progress made during the year in respect of the business and development priorities listed in the plan.

Item	Description	Progress	RAG 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 largely mirrors 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.	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.	New Climate Transition Plan approved by SPF Committee in March 2026.	Complete
Investment Strategy and Structure	Preparation for review in line with 2026 actuarial valuation.	Discussions at IAP meetings from August 2025. Review to include: Asset Liability Modelling; climate scenario modelling; consideration of alternative employer strategies; overall review of each of the 5 broad asset classes; equity allocation including active/passive split, listed/private split, regional structure, and investment mandates; fixed income positioning; relative value framework; real estate structure, in particular the global real estate strategy; benchmarking; and the Climate Transition Plan priorities.	Complete

Item	Description	Progress	RAG Status
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.	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.) largely complete during 2025/26.	Complete
ICT Arrangements	Consider 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 Digital Services/CGI agreement – project commenced 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. Final PAS approved for publication effective 1 st April 2026.	Complete
Member Self Service	Migration to new <i>Heywood Engage</i> platform. (carried over from 2024/25).	Migration delayed pending functionality improvements by Heywood. Migration and go-live successfully achieved in January 2026.	Complete

Item	Description	Progress	RAG Status
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

Overall progress against priorities was excellent. The in-year objectives for all 10 projects were completed within the year, though some will carry forward to a further phase with new objectives in 2026/27. All milestones were achieved except in relation to Member Self Service where some delay for enhancement was agreed before the project was successfully completed.

Progress against KPIs set out in the business plan is reported to the SPFD Committee quarterly, and is summarised in the investment, administration, and communications sections of this annual report.

The Pensions Regulator

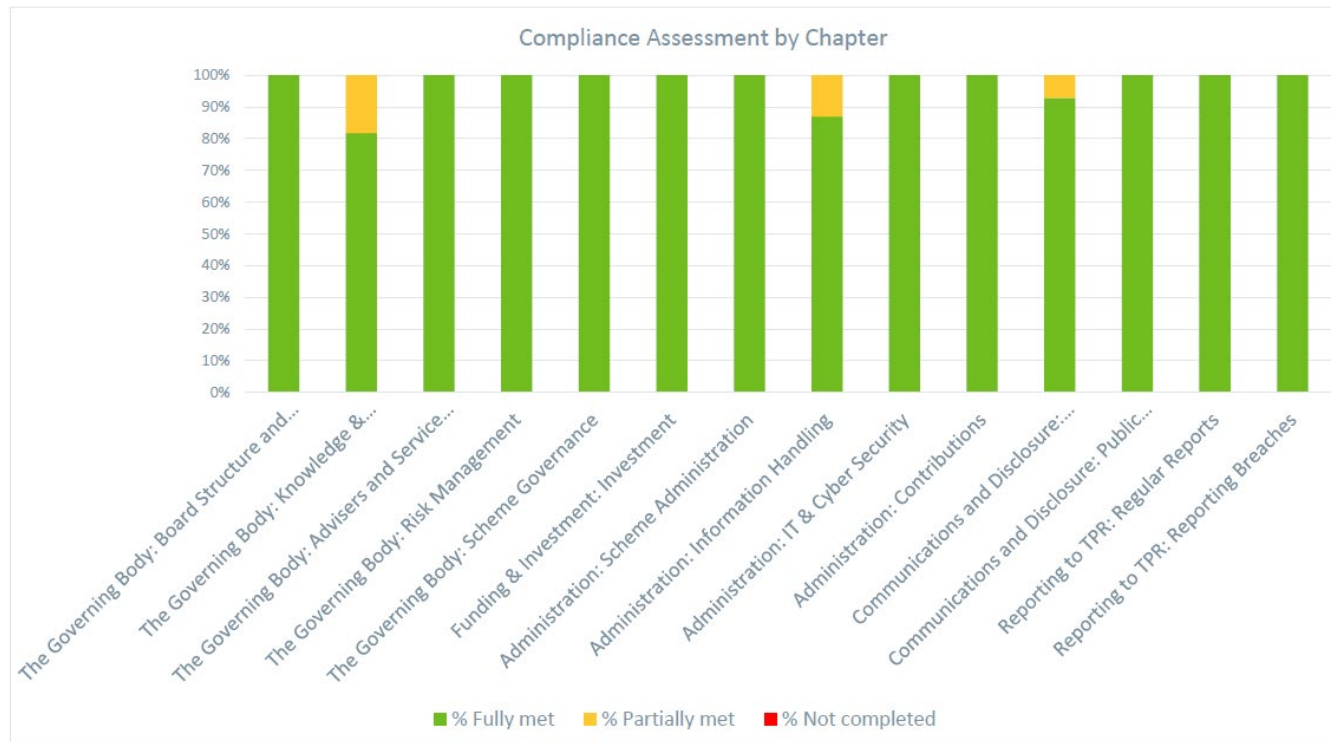
General Code of Practice (GCoP)

From 1st April 2015 the Pension Regulator (TPR) became responsible for regulatory oversight of public service pension schemes including the LGPS as a result of the Public Service Pensions Act 2013. In January 2015 TPR published a Code of Practice for the Governance and Administration of Public service Pension Schemes.

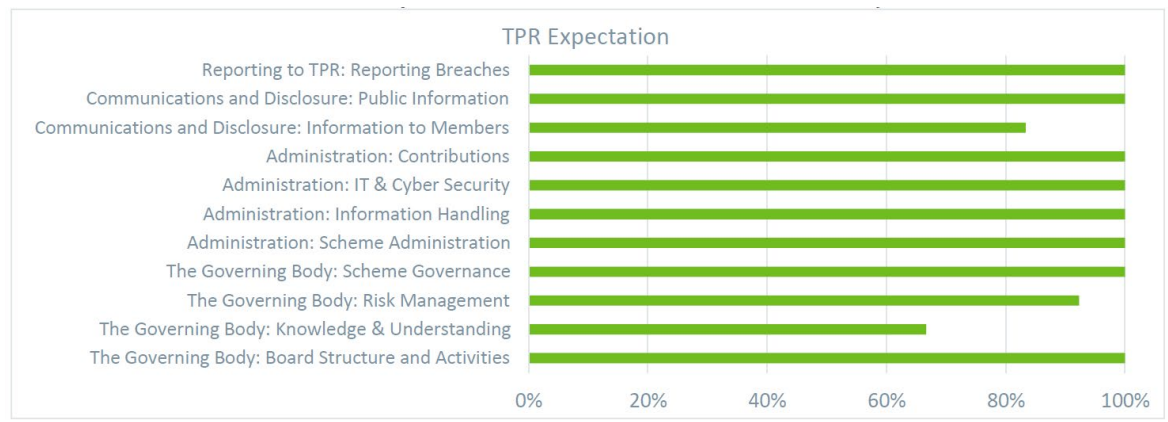
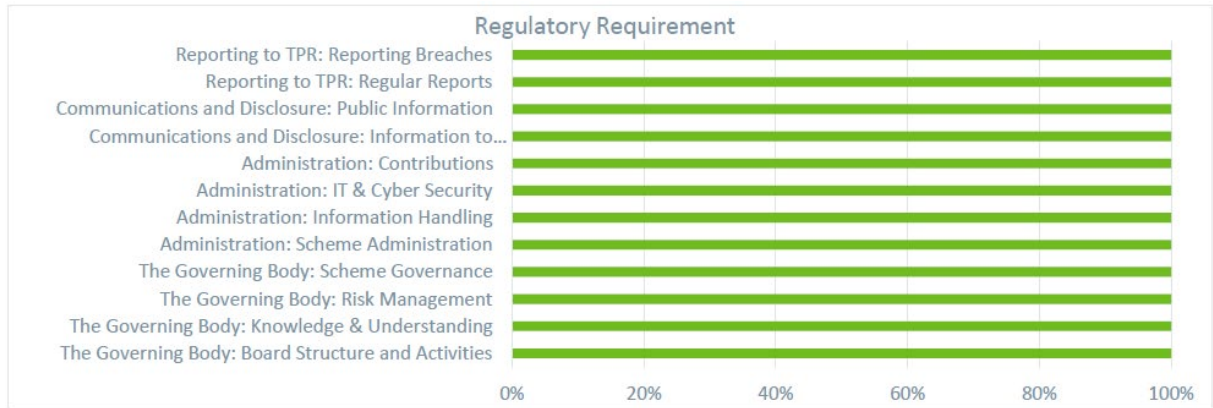
In 2024, TPR published a single General Code of Practice (GCoP) for all pension schemes including the public sector. This became effective on 28th March 2024.

SPF uses a self-assessment checking tool provided by Hymans Robertson to track its compliance with GCoP.

Results as at 31st March 2026 are summarised below.



Compliance is further analysed against Regulatory Requirements, TPR Expectations, and Best Practice.



Reporting to TPR

GCoP includes both regular and whistleblowing reporting requirements.

Regular Reporting

Regular reporting relates mainly to the submission of an annual Scheme Return to TPR. The SPF Scheme Return was duly submitted in the course of the year.

Reporting of Breaches

In addition, certain people (reporters) are required to report breaches of the law to TPR when they have a reasonable cause to believe that:

- a legal duty which is relevant to the administration of a scheme, has not been, or is not being, complied with, and
- the failure to comply is likely to be of material significance to TPR in exercising any of their functions

SPF, as Scheme Manager, is a reporter under GCoP. All breaches of the regulations which are identified are logged within SPFO. Any breaches which might be of material significance to The Pension Regulator (TPR) require to be reported. No breaches were identified as being sufficiently material to require reporting to TPR by SPF during 2025/26.

Scheme Employers are also reporters under GCoP. 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. SPF is working with the employers and with two other Scottish LGPS Scheme Managers, to remedy the situation, though this will take many months to resolve.

Shortly after the year end a joint report was submitted to TPR by SPF and the other 2 Scheme Managers.

Governance Compliance Statement for the year to 31st March 2026

This is a summary assessment of the Fund's governance arrangements prepared in accordance with regulation 53(1) of the [Local Government Pension Scheme \(Scotland\) regulations 2018](#).

Delegation

Glasgow City Council delegates all of its functions as administering authority under the scheme regulations to the Strathclyde Pension Fund Committee.

Terms and Structure

The committee comprises 8 elected members of Glasgow City Council. The Committee's Terms of Reference, structure and operational procedures are set out on the Council's website: [Strathclyde Pension Fund Committee](#)

Voting

All committee members have full voting rights.

Pension Board

The Strathclyde Pension Fund Pension Board is established under regulation 5 of the [governance regulations](#) and includes both employer and trade union representatives. The Board meets alongside the Committee in accordance with the governance regulations. Employer members include both local authority and other employer representatives. The trade union members represent employee, deferred and pensioner members. The Board has its own [Constitution](#) which can be found on the [Strathclyde Pension Fund Board](#) page of the Fund's website.

Training /Facility Time /Expenses

A [training policy, practice statement and plan](#) are agreed each year. These apply equally to the Committee and Board. Training logs are maintained for Committee and Board members.

Meetings (Frequency/Quorum) and Access

The Committee and Board meet at least quarterly. Committee meetings are broadcast live, and recordings are available to view on the [Glasgow City Council website](#). Strathclyde Pension Fund Committee papers are available on the [Glasgow City Council website](#). Board papers are available on the [SPF website](#). An Annual General Meeting is held and is attended by a wide group of stakeholders.

Scope

Regular reports considered by the Committee and Board include coverage of:

- scheme administration;
- scheme developments;
- investment performance;
- investment strategy;
- stewardship, responsible investment and climate change strategy;
- finance;
- funding;
- risk;
- audit;
- the Fund's business plan; and
- *ad hoc* reports on other pensions issues.

Publicity

The Fund's website at www.spfo.org.uk has a section dedicated to [governance](#).

Conclusion

The Fund's governance arrangements are fully compliant with the scheme's governance regulations. The arrangements also comply with guidance given by the Scottish Ministers with one exception. The exception is that there is no provision for a member of the Board to be a member of the Committee. The guidance pre-dates the [governance regulations](#) and does not reflect the current mandatory arrangement where the Board and Committee meet at the same time and in the same place.

Annual Governance Statement 2025/26

1. Role and responsibilities

Glasgow City Council (“the Council”) 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 the other 11 local authorities in the former Strathclyde area, and around 140 other large and small employers.

The main functions are management and investment of the Strathclyde Pension Fund 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 and Public Service Pensions Act 2013.

Glasgow carries out its role as Administering Authority via:

- the Strathclyde Pension Fund Committee and Strathclyde Pension Fund Board;
- the Strathclyde Pension Fund Office (SPFO), a division of the Council’s Financial Services Department;
- the Strathclyde Pension Fund (the Fund).

2. Delegation

The function of maintaining the Strathclyde Pension Fund is delegated by the Council to its Strathclyde Pension Fund Committee. Certain parts of the function are further delegated to the Executive Director of Financial Services and the Director of Strathclyde Pension Fund as set out in the Fund’s Statement of Investment Principles and Administration Strategy. The Fund’s policy documents are available in the Publications area of its website at: www.spfo.org.uk

3. Terms of delegation

The terms, structure and operational procedures of delegation are set out in the Council’s Scheme of Delegated Functions and Standing Orders. These are available at: [Key Corporate Governance Policy Plans - Glasgow City Council](#)

4. Committee meetings

Meetings of the Strathclyde Pension Fund Committee are held quarterly. Occasional ad hoc meetings are also held as required. Committee meeting dates are listed in the Council Diary which is available at: [Committee Calendar](#)

5. Representation

The Strathclyde Pension Fund Committee is comprised solely of elected members of Glasgow City Council.

6. Compliance

The Committee arrangements were compliant with guidance provided by Scottish Ministers. The extent of this is detailed in the Strathclyde Pension Fund – Governance Compliance Statement included in the Fund’s annual report.

7. Pension Board

The Strathclyde Pension Fund Board was established on 1st April 2015 in terms of the Local Government Pension Scheme (Governance) (Scotland) Regulations 2015, replacing the previous Representative Forum. The Strathclyde Pension Fund Board is comprised of representatives from the Fund’s principal employers and trade unions.

8. Scope of responsibility

As the administering authority for the Fund, the Council is responsible for ensuring that its business, including that of the Fund, is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Council also has a statutory duty to make arrangements to secure best value under the Local Government in Scotland Act 2003.

In discharging this overall responsibility, the Strathclyde Pension Fund Committee is responsible for putting in place proper arrangements (known as the governance framework) for the governance of its affairs and facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

The Council has a Local Code of Corporate Governance (the Code), which is consistent with the principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) Framework: Delivering Good Governance in Local Government. The Code is currently under detailed review, taking into account the 2025 Addendum to the Delivering Good Governance Framework, and is expected to be concluded soon. The current version remains relevant and evidences the Council’s commitment to achieving good governance and demonstrates how it complies with recommended governance standards.

The work of the Strathclyde Pension Fund is governed by the Code and by regulations specific to administration of pension funds. The Strathclyde Pension Fund is governed by the Local Government Pension Scheme (Scotland) Regulations. These include requirements for the preparation and production of a number of key policy documents including a Funding Strategy Statement and Statement of Investment Principles. These documents set out the Fund’s objectives together with the main risks facing the Fund and the key controls in place to mitigate those risks. A Risk Register is maintained to facilitate detailed risk monitoring, and an annual Business Plan is produced to agree development and business priorities. All of these documents are available at the Fund’s website at: www.spfo.org.uk

The Council's Executive Director of Financial Services is responsible for arranging the proper administration of the financial affairs of the Strathclyde Pension Fund and is professionally qualified and suitably experienced to lead the finance function. The Strathclyde Pension Fund complies with the CIPFA Statement on "*The Role of the Chief Financial Officer in Local Government 2016*".

The Strathclyde Pension Fund complies with the requirements of the CIPFA Statement on "The Role of the Head of Internal Audit in Public Organisations 2019". Glasgow City Council's Head of Audit and Inspection has responsibility for the Strathclyde Pension Fund's internal audit function and is professionally qualified and suitably experienced to lead and direct internal audit staff. The Internal Audit service has been subject to external verification of its compliance with the CIPFA "Public Sector Internal Audit Standards 2017" during 2020/21. It was confirmed that the Internal Audit service conforms with the requirements of the Public Sector Internal Audit Standards and a review of compliance with the new Global internal Audit Standards (in the UK public sector) will be undertaken in 2026/27. The Internal Audit section also continues to hold BSi quality accreditation under ISO9001:2015.

These arrangements also include an internal audit of an internal control environment which should:

- safeguard the contributions made by employees and employers to provide funds to meet the future pension liabilities of the Fund's members,

- ensure control over the investment managers charged with growing the value of the Fund to meet future liabilities, and
- secure payment to the retired members of the Fund.

The Council has assessed its compliance with the CIPFA Financial Management Code (2019), which became mandatory from 2021/22 onwards. The Financial Management Code provides guidance for good and sustainable financial management in local authorities. By complying with the principles and standards within the code authorities will be able to demonstrate their financial sustainability. Council management undertook a self-assessment against the Financial Management Code during 2025/26, which confirmed overall compliance with the Code's requirements.

The Committee's terms of reference state that the Committee has the power to discharge all functions and responsibilities relating to the Council's role as administering authority for the Strathclyde Pension Fund in terms of the Local Government (Scotland) Act 1994, the Public Service Pensions Act 2013 and the scheme regulations. The Committee is also responsible for the governance arrangements including regulatory compliance and implementation of audit recommendations.

Due to the structure and nature of the Strathclyde Pension Fund, financial data is held and transactions processed via a number of different sources, systems and reporting mechanisms:

- Funding: long terms cash flows and financial requirements are assessed in the three-yearly actuarial valuations. A

quarterly funding projection is also produced by the Fund actuary.

- **Investment:** day-to-day management of investments is outsourced to a number of external parties. Detailed investment records are maintained by the Fund's external investment managers and global custodian and summarised in regular investment reports.
- **Administration:** the Fund uses Altair, a bespoke LGPS administration system, for calculating and recording pensions benefits. Payments are made from the Fund's bank account, and the Council's SAP-based financial system is used for reporting.

Given the role of the external investment managers it is essential that the Fund obtains assurances on the adequacy of the internal financial control systems operated by them. The main source of this assurance is the annual audit report produced by each of the managers' independent service auditors. Fund officers obtain and review these reports for each of the investment managers and the global custodian, which is responsible for the safekeeping and servicing of the Fund's assets. Current practice is for the findings of these reports to be reported to the Strathclyde Pension Fund Committee only by exception where there are audit concerns.

As part of the investment monitoring, a reconciliation process is well established which involves the completion of a quarterly performance reconciliation and an accounting reconciliation by the custodian Northern Trust.

9. Review of effectiveness

The Council and the Strathclyde Pension Fund have systems of internal control designed to manage risk to a reasonable level. Internal controls cannot eliminate risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is an ongoing process designed to identify and prioritise the risks to the achievement of the Fund's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised.

A review of the Fund's governance framework is conducted on an annual basis by means of a self-assessment questionnaire based on the principles contained in the CIPFA/SOLACE Framework. Issued by Internal Audit it is designed to allow the Director of the Strathclyde Pension Fund to determine the extent to which the Fund complies with these principles. The accuracy of the responses to this questionnaire is reviewed and tested on a rolling basis by Internal Audit.

The Committee is responsible for ensuring the continuing effectiveness of the governance framework and system of internal control. The review of effectiveness is informed by the work of the Committee and SPFO, the Head of Audit and Inspection's annual report and by observations made by the external auditors. The conclusions of the review are reflected in the overall conclusion, which is documented at section 13 Certification.

10. Update on Significant Governance Issues Previously Reported

There were no significant governance issues in 2024/25 specific to the Strathclyde Pension Fund. The Council's governance statement in 2022/23, reported one significant governance issue impacting the Strathclyde Pension Fund which is still relevant. The Strathclyde Pension Fund uses and relies on a number of the Council systems, processes and controls and the Council identified a significant issue in relation to the current IT arrangements.

IT arrangements - The improvements required were outwith the control of the Strathclyde Pension Fund and were being progressed by the Council through an agreed action plan. Since then, considerable work has been undertaken to deliver improvements to the council's security environment, including technical, governance, reporting and risk management aspects and whilst a number of higher risk areas are now mostly mitigated, there are other areas where remediation is still ongoing. Therefore, the Council Family remained exposed to risk in this area during 2025/26. Through the Road to Multi-Source Strategy (R2MS), management continue to work with the council's Managed Security Services Provider (MSSP) and individual Managed Service Providers (MSPs) to mitigate the risks in this complex and ever-changing area, as much as possible during 2026/27.

11. Significant Governance Issues 2025/26

In June 2025, the council was impacted by a cyber incident. This was an opportunistic attack on a third-party supplier, rather than on the council itself, with access gained through the supplier's network, rather than via any council system or user. The isolation of the affected servers meant that a number of the council's web-based services, were affected for a period to September 2025. An accredited cyber incident responder was appointed to undertake forensic investigations into the incident and advise on remediation and root cause. An internal audit review of the lessons learned has been completed and reported to the council's Finance and Audit Scrutiny Committee on 20 May 2026. The council dealt with the incident in a managed and appropriate manner with lessons identified to be addressed going forward, and a cyber incident response planning exercise was undertaken on 27 May 2026.

12. Internal Audit Opinion

During 2025/26 the following assurance reviews were undertaken:

- Direct Impact Portfolio, and
- Altair System.

Based on the audit work undertaken, the assurances provided by the Executive Director of Financial Services and the Director of Pensions, and excluding the issues noted above, it is the Head of Audit and Inspection's opinion that reasonable assurance can be placed upon the adequacy and effectiveness of the governance and control environment which operated during 2025/26.

13. Certification

It is our opinion that reasonable assurance can be placed upon the adequacy and effectiveness of the systems of governance that operated in the Strathclyde Pension Fund during 2025/26. The work undertaken by Internal Audit has shown that the arrangements in place are generally operating as planned. We consider the governance and internal control environment operating during 2025/26 to provide reasonable and objective assurance that any significant risks impacting on the Fund's ability to achieve its objectives will be identified and actions taken to avoid or mitigate the impact.

Where areas for improvement have been identified and action plans agreed, we will ensure that they are treated as priority and progress towards implementation is reviewed by the Strathclyde Pension Fund Leadership Team, Board and Committee.

We will continue to review and enhance, as necessary, our governance arrangements.

Councillor Richard Bell

**City Treasurer
and
Convener Strathclyde Pension
Fund Committee
*June 2026***

Susanne Millar

**Chief Executive
Glasgow City Council
*June 2026***

3

Funding



Funding

The Local Government Pension Scheme regulations require each administering authority to obtain an actuarial valuation of the assets and liabilities of each of its pension funds as at 31st March in every third year. The regulations require each administering authority, after consultation with such persons as they consider appropriate, to prepare, maintain and publish a written statement setting out their funding strategy. The most recent actuarial valuation of the Fund was completed as at 31st March 2023. The next valuation, as at 31st March 2026 must be completed by 31st March 2027.



Snapshot

147%

Funding level confirmed
at 2023 actuarial
valuation

£27.9bn

Assets as at 31st March
2023

£19.0bn

Liabilities as at 31st March
2023

21.8%

Primary contribution rate
as at 31st March 2023

5.0% p.a.

Discount rate as at 31st
March 2023

6.5%

2024/25 employer
contribution rate

6.5%

2025/26 employer
contribution rate

17.5%

2026/27 employer
contribution rate

158%

Projected funding level as
at 31st March 2026

Funding

In completing the actuarial valuation the actuary must have regard to the current version of the administering authority's [Funding Strategy Statement](#).

The actuarial valuation is essentially a measurement of the Fund's liabilities. The funding strategy deals with how the liabilities will be managed. In practice, review of the Funding Strategy Statement and completion of the actuarial valuation are carried out in tandem to ensure that the measurement and management processes are cohesive.

Members' benefits are guaranteed by statute. Members' contributions are set at a rate which covers only part of the cost of accruing benefits. Employers pay the balance of the cost of delivering the benefits to members. The funding strategy focuses on the pace at which these benefits are funded and on practical measures to ensure that employers pay for their own liabilities.

At the 2023 actuarial valuation, the actuary reported a funding position of **147%** (assets/liabilities). The following total employer contribution rates were certified for the Fund's Main Employer Group including the 12 local authorities.

- **6.5%** (of pensionable payroll) from 1st April 2024;
- **6.5%** (of pensionable payroll) from 1st April 2025; and
- **17.5%** (of pensionable payroll) from 1st April 2026.

In completing the valuation, the actuary assesses the particular circumstances of each employer including the strength of its covenant, and its individual membership experience within the Fund. The actuary applies individual adjustments to each employer to reflect these circumstances. Rates for individual employers are set out in the Rates and Adjustment Certificate contained in the actuary's final [Valuation Report](#) which is published on the SPFO website.

The Funding Strategy Statement was amended during the year as a result of [a change to the scheme regulations](#) around payment of exit credits to exiting employers. After employer consultation and with SPF Committee approval, the revised statement was published effective from 28th March 2025.

The next actuarial valuation and review of the Funding Strategy Statement will be carried out as at 31st March 2026 and must be completed by 31st March 2027.

The Fund has online access to a client portal provided by the actuary. This allows ongoing monitoring of the estimated progression of the funding level. As at 31st March 2026 this showed an indicative funding position of **158%**.

Funding Strategy Statement

As part of the 2023 actuarial valuation exercise, the Funding Strategy Statement was reviewed and the following revised statement was approved for publication in March 2024.

1. Introduction

Glasgow City Council is the administering authority for the Strathclyde Pension Fund. The Council delegates this responsibility to the Strathclyde Pension Fund Committee. The Council and the Committee recognise that they have fiduciary duties and responsibilities towards pension scheme members and participating employers that are analogous to those holding the office of trustee in the private sector.

This statement sets out the approach to funding which the committee adopts in light of those duties. Further background details are set out in Schedule 1 of this statement.

2. Purpose of the Funding Strategy Statement (FSS)

Preparation and publication of the FSS is a regulatory requirement. The stated purpose is:

- to establish a clear and transparent fund- specific strategy which will identify how employers' pension liabilities are best met going forward;
- to support the regulatory framework to maintain as nearly constant employer contribution rates as possible; and

- to take a prudent longer-term view of funding those liabilities. These objectives are desirable individually but may be mutually conflicting. This statement sets out how the administering authority balances the potentially conflicting aims of affordability and stability of contributions, transparency of processes, and prudence in the funding basis.

3. Aims and Purpose of the Pension Fund

The Fund is the vehicle for the delivery of scheme benefits.

The purpose of the Fund is to:

- receive monies in respect of contributions, transfer values and investment income;
- invest monies in accordance with policy formulated by the administering authority; and
- pay out monies in respect of scheme benefits, transfer values, costs, charges and expenses.

The aims of the Fund are to:

- ensure that sufficient resources are available to meet all liabilities as they fall due;
- manage employers' liabilities effectively;
- seek investment returns within reasonable risk parameters; and

- enable employer contribution rates to be kept as nearly constant as possible at reasonable cost to the employers and taxpayers while achieving and maintaining fund solvency and long term cost efficiency

The objectives of the funding strategy are consistent with these aims. The objectives are set out in Schedule 2 of this statement.

Preparation and publication of the Funding Strategy Statement is a regulatory requirement. The aims of the pension fund can only be achieved if all parties involved in its operation exercise their statutory duties and responsibilities conscientiously and diligently.

4. Responsibilities of Key Parties

The Fund is a multi-employer arrangement with 164 participating employers. The administering authority manages the Fund to deliver the scheme benefits and to ensure that each employer is responsible for its own liabilities within the Fund.

The responsibilities of the key parties involved in management of the Fund are set out in Schedule 3 to this statement.

5. Solvency and Long Term Cost Efficiency

Employer contribution rates are required to be set at an appropriate level to ensure the solvency of the Fund and long term cost efficiency of the scheme. In this context:

- **solvency** means that the rate of employer contributions should be set at such a level as to ensure that the scheme's liabilities can be met as they arise; and

- **long-term cost-efficiency** implies that the rate must not be set at a level that gives rise to additional costs. For example, deferring costs to the future would be likely to result in those costs being greater overall than if they were provided for at the time. These requirements are reflected in the funding objective.

6. Funding Objective

The funding objective is to ensure that sufficient funds are available to pay all members' pensions now and in the future. There are many inherent uncertainties in the funding process and a wide range of possible outcomes. It is acknowledged that the actual funding level will fluctuate as a result.

For measurement purposes the funding objective is formulated as: to achieve the funding target over the target funding period with an appropriate degree of probability. Under the 2023 funding strategy:

- the funding target (amount of assets compared to liabilities expressed as a percentage) is at least 100% using appropriate actuarial assumptions.
- the target funding period is the weighted average future working lifetime of the active membership – currently around 13 years for the whole Fund, but longer or shorter for different employers depending on their own membership profile; and
- the probability of achieving the target is at least 80%, and higher where possible.

For the Fund as a whole and for ongoing employers the funding level will be measured on an ongoing actuarial basis, taking advance credit for anticipated investment returns.

For employers whose participation in the Fund is to cease the funding level will be measured on a more prudent cessation basis and contribution rates will be set accordingly. The approach to funding strategy for individual employers including the policies on admission and cessation is set out in Schedule 4.

7. Contributions Strategy

The Fund uses a risk-based approach to setting employer contributions. This models thousands of possible future economic scenarios which allows the Fund to quantify the risk of an employer not meeting their funding target given a proposed contribution plan. The approach also seeks to ensure stability and affordability of contributions for employers while providing assurance that employer contributions are sufficient to meet the employer's funding target.

For ongoing employers with a good covenant the Fund adopts measures to stabilise the contribution rate and seeks to limit changes in the rate payable by them as far as possible. For employers with a less secure covenant or where participation in the Fund may cease, rates are set to minimise risk to the Fund and its other employers. The contributions strategy is set out in Schedule 5 to this statement.

8. Links to Investment Strategy set out in the Statement of Investment Principles (SIP)

The investment strategy is set for the long term but is monitored continually and reviewed every 3 years using asset-liability modelling to ensure that it remains appropriate to the Fund's liability profile.

The Fund initially applies a single investment strategy for all employers but may apply notional or actual variations after agreement with individual employers.

Details of the investment strategy are set out in the Fund's [Statement of Investment Principles](#) which is available at www.spfo.org.uk

9. The Identification of Risks and Counter Measures

Risk management is integral to the governance and management of the Fund at a strategic and operational level. The Fund actively manages risk and maintains a detailed risk register which is reviewed on a quarterly basis.

Details of risk management are set out in the Fund's [Risk Policy and Strategy Statement](#).

The key funding risks are set out in Schedule 6 to this statement

10. Actuarial Valuation as at 31st March 2023

Key figures from the actuarial valuation as at 31st March 2023 are set out in Appendix 7.

Schedules:

1. Background
2. Objectives of the Funding Strategy
3. Responsibility of Key Parties involved in management of Fund
4. Funding Strategy for individual employers
5. Contributions Strategy
6. Key financial, demographic, regulatory and governance risks
7. Statistical Appendix: key figures from the 2023 actuarial valuation.

The schedules are not reproduced here. The full [Funding Strategy Statement](#) including schedules is available from the publications area of the SPFO website.

Actuarial Statement for 2025/26

This statement has been prepared in accordance with Regulation 55(1)(d) of the Local Government Pension Scheme (Scotland) Regulations 2018. It has been prepared at the request of the Administering Authority of the Fund for the purpose of complying with the aforementioned regulation.

Description of Funding Policy

The funding policy is set out in the Administering Authority's Funding Strategy (FSS). In summary, these are:

- to ensure the solvency of the Fund and the solvency of individual employers' share of the Fund;
- to ensure the long term cost efficiency of the scheme in order to secure as far as possible its affordability to employers;
- to ensure that sufficient funds are available to meet all benefits as they fall due for payment;
- to provide a framework for the investment strategy of the Fund;
- to help employers recognise and manage pension liabilities as they accrue;
- to inform employers of the risks and potential costs associated with pension funding;
- to minimise the degree of short-term change in the level of each employer's contributions where the administering authority considers it reasonable to do so;

- to use reasonable measures to reduce the risk to other employers from an employer defaulting on its pension obligations; and
- to address the different characteristics of the disparate employers or groups of employers to the extent that this is practical and cost-effective.

Funding Position as at the last formal funding valuation

The most recent actuarial valuation carried out under Regulation 60 of the Local Government Pension Scheme (Scotland) Regulations 2018 was as at 31 March 2023. This valuation revealed that the Fund's assets, which at 31 March 2023 were valued at £27,872 million, were sufficient to meet 147% of the liabilities (i.e. the present value of promised retirement benefits) accrued up to that date. The resulting surplus at the 2023 valuation was £8,902 million.

Each employer had contribution requirements set at the valuation, with the aim of achieving their funding target within a time horizon and with a probability measure of success as per the FSS. Individual employers' contributions for the period 1 April 2024 to 31 March 2027 were set in accordance with the Fund's funding policy as set out in its FSS.

Principal Actuarial Assumptions and Method used to value the liabilities

Full details of the methods and assumptions used are described in the 2023 valuation report.

Method

The liabilities were assessed using an accrued benefits method which takes into account pensionable membership up to the valuation date, and makes an allowance for expected future salary growth and inflation to retirement or expected earlier date of leaving pensionable membership.

Assumptions

A market-related approach was taken to valuing the liabilities, for consistency with the valuation of the Fund assets at their market value.

The key financial assumptions adopted for the 2023 valuation were as follows:

Financial assumptions	31 March 2023
Discount rate	5.0%
Salary increase assumption	3.4%
Benefit increase assumption (CPI)	2.7%

The key demographic assumption was the allowance made for longevity. The life expectancy assumptions are based on the Fund's VitaCurves with improvements in line with the CMI 2022 model, with a 25% weighting of 2022 data, a 0% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.25% and a long term rate of 1.50% p.a. Based on these assumptions, the average future life expectancies at age 65 are as follows:

	Males	Females
Current Pensioners	19.8 years	22.5 years
Future Pensioners*	20.6 years	24.2 years

*Currently aged 45

Copies of the 2023 valuation report and Funding Strategy Statement are available on the Fund's website at www.spfo.org.uk.

Experience over the period since 31 March 2023

Markets were disrupted by the ongoing war in Ukraine and inflationary pressures in 2023, impacting on investment returns achieved by the Fund's assets. Asset performance improved in 2024 and early 2025; however increasing uncertainty in the geo-political environment (eg US tariffs, Middle East conflict) have caused significant short-term market volatility. Overall, the Fund's investment returns since March 2023 have been strongly positive.

Despite ongoing higher levels of inflation in the UK (compared to recent experience) resulting in cumulative LGPS benefit increases of 12.6% since 2023 (6.7% in April 2024, 1.7% in 2025 and 3.8% in April 2026) and a increase in the Fund's liabilities, the overall funding position is estimated to be stronger than at the previous formal valuation at 31 March 2023.

The next actuarial valuation will be carried out as at 31 March 2026, and will be finalised by 31 March 2027. The Funding Strategy Statement will also be reviewed during the valuation, and a revised version will come into effect from 1 April 2027.

Prepared by:

Craig Alexander FFA

8 June 2026

For and on behalf of Hymans Robertson LLP

4

Climate Change Strategy



Climate Risk

As a responsible asset owner, SPF recognises the need to address the systemic risks posed by climate change, including the risks it poses to the Fund's investments and its beneficiaries. To reflect this, SPF has been developing its climate change strategy since 2015.



Snapshot

**Climate
Transition Plan
2026-2029**
Published

▼ 80%

Listed equity emissions
reduction since 2010
baseline

▼ 89%

Passive equity
emissions reduction
since 2022

£666m

DIP commitment
to Renewable
Energy funds

+£495m

Transition to lower
carbon corporate bonds
2025/26

80%

Material sectors, equity
holdings, aligned to Net
Zero pathway

2026 - 2029

Focus areas agreed



3 New

Asset classes brought
into scope



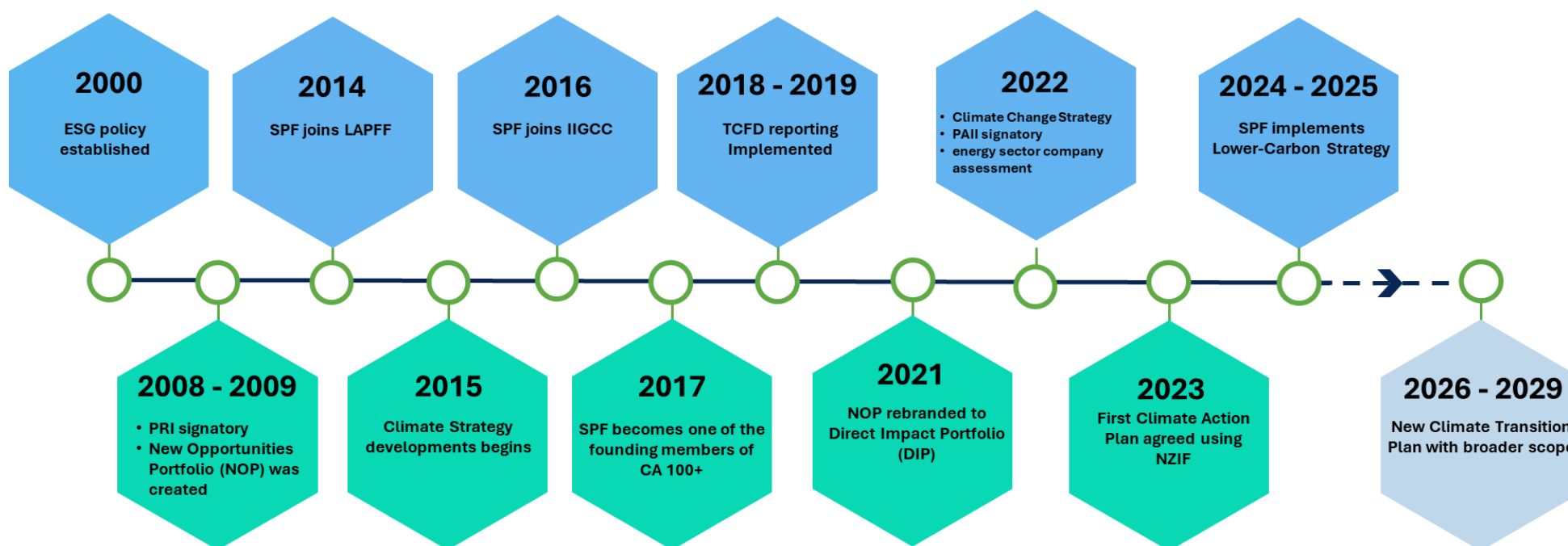
**Nature
Integration**



**Just
Transition**



SPF Climate Change Strategy - History



SPF's primary purpose is to pay pensions, and its principal objective is to ensure that sufficient funds are available to pay all members' pensions now and in the future. SPF therefore considers climate change through the lens of long-term financial risk and opportunity. As a globally diversified investor, the Fund recognises that climate change may affect economic growth, inflation, market returns, credit conditions, asset values and ultimately funding outcomes.

Climate Strategy, Objectives and Targets

SPF's overriding climate objective and targets are to:

- implement an investment strategy consistent with achieving the goal of global net zero emissions by 2050.
- achieve net zero emissions across SPF portfolios by 2050 or sooner.
- achieve at least a 45% reduction in carbon emissions from the baseline by 2030.

The foundation of these objectives and of the SPF Climate Strategy are:

- the [Paris Agreement](#), which set the goal of net zero emissions by 2050.
- the [Paris Aligned Investment Initiative](#) (PAII), a collaborative investor-led initiative established by the Institutional Investors Group on Climate Change (IIGCC) and other global investor networks to support investors in aligning portfolios and investment activity with the goals of the Paris Agreement.
- the [Paris Aligned Asset Owners](#) commitment, which seeks to align the global investment community with the goals of the Paris Agreement by achieving emissions reductions in the real economy.
- the [IIGCC](#) (the Institutional Investor Group on Climate Change) of which SPF is a member; and the Net Zero Investment Framework (NZIF) - the revised version [NZIF 2.0](#), which was introduced in 2024, now applies.

Governance

Climate-related risks and opportunities are managed through SPF's existing governance framework. The SPF Committee agrees and oversees the Fund's investment strategy, including the responsible investment and climate change strategy, while implementation is led by the Director of the Strathclyde Pension Fund and supported by the Strathclyde Pension Fund Office, advisers, investment consultant and investment managers. SPF's governance framework is described in Section 2 of this annual report.

Paris Aligned Investment Initiative

SPF Climate Action Plan 2023

SPF adopted the IIGCC Net Zero Investment Framework as the basis for its first Climate Action Plan, agreed in 2023. The 2023 plan set out at a high level priorities for SPF to ensure that climate change is addressed across all investments and portfolios and progress towards its Net Zero objective and target is achieved and maintained.

2026-2029 Climate Transition Plan

The 2023 plan incorporated a 3-yearly implementation and review cycle. This is consistent with the statutory triennial cycle for actuarial review which forms the basis of SPF's cycle for all strategic planning and review.

A review of progress against the immediate priorities set out in the 2023 Climate Action plan was a priority in the 2025/26 SPF business plan. A second iteration of the plan has therefore been produced. This new [2026-29 Climate Transition Plan](#) is published on the Fund's website.

The 2026-2029 Climate Transition Plan refreshes and refocuses the priorities for the next phase of SPF's climate evolution.

TCFD

SPF supports 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 those affecting organisations most likely to experience climate-related financial impacts from transition and physical risks. In 2023, the TCFD officially disbanded, having fulfilled its remit. TCFD remains the widely accepted framework for consistent, transparent reporting of climate-related financial risks and opportunities. Many jurisdictions, including the UK, continue to mandate TCFD-aligned reporting for companies and private pension schemes. It remains best practice for LGPS.

SPF has committed to reporting on its approach to climate risk using the TCFD framework for asset owners. The approach to managing climate risk within the TCFD's four thematic areas of Governance, Strategy, Risk Management and Metrics and Targets is set out below.



SPF's Climate Strategy and Reporting covers all 4 of the TCFD pillars.

Climate Change Strategy: 2025/26 Review

Progress against the immediate priorities of the 2023 Climate Action Plan was reviewed in 2025/26.

The immediate priorities have all been achieved. Results are summarised below.

Priority	Progress	Comments
Initial review of individual portfolio alignment with SPF's PAll investment objectives.		Fair Share Pathway analysis commissioned from Hymans Robertson for all portfolios covered.
Engage with active equity managers on the basis of their NZAM commitments.		All active managers have net zero commitments. Regular engagement has been carried out based on fair share analysis, the energy company assessment framework, engagement priority companies, the Carbon Disclosure Project, and the managers' own climate reporting.
Investigate indices with a lower carbon tilt than the market capitalisation indices currently applied in the passive equity portfolio.		Investigated, identified and implemented.
Investigate green(er) fixed income solutions and alignment of fixed income portfolios.		Investigated, identified and implemented.
Engage further with DTZ and ICG Longbow on their Net Zero plans and alignment activity.		Ongoing engagement.
Review SPF voting policy and practice to ensure alignment.		All of SPF's managers vote on the Fund's behalf at AGM/ EGMs. <i>Morningstar Sustainalytics</i> provide detailed analysis of proxy voting on climate change resolutions.
Consider explicit allocation to climate solutions mandate(s).		DIP target allocation increased from 5% to 7.5% of total assets to accommodate further investment in renewables and green technology. Allocations to natural capital and timberland have been considered, but SPF's focus remains on decarbonising existing portfolios and encouraging climate solutions within existing mandates.

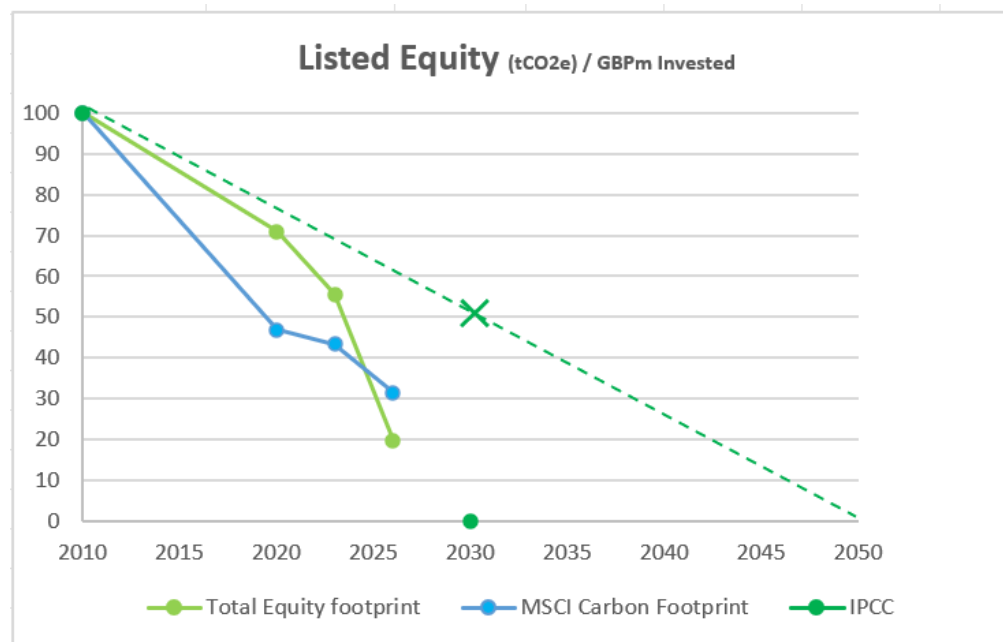
More detail on progress against key priorities is provided below and all priorities are discussed in more detail in the [2026-2029 Climate Transition Plan](#).

Asset Level Assessment & Targets

Extensive carbon foot printing of portfolios has been carried out since 2016. This has been reported annually since 2018/19 in the Fund's Climate Change Strategy reporting within its Annual Report and Financial Statements. The SPF Climate Change Strategy requires an interim carbon-reduction target of at least 45% from the 2010 baseline by 2030.

Northern Trust apply carbon risk metrics at a portfolio level to assess progress against SPF's carbon reduction targets and to assess the carbon impact of strategic asset allocation decisions. Results of this analysis for listed equity holdings are summarised below.

Listed Equities



The latest analysis indicates that total Scope 1 and 2 emissions from SPF listed equities (40% of the Fund) have fallen to 47.6 tCO₂e – an **80% reduction** from the **2010** baseline.

Passive Equities

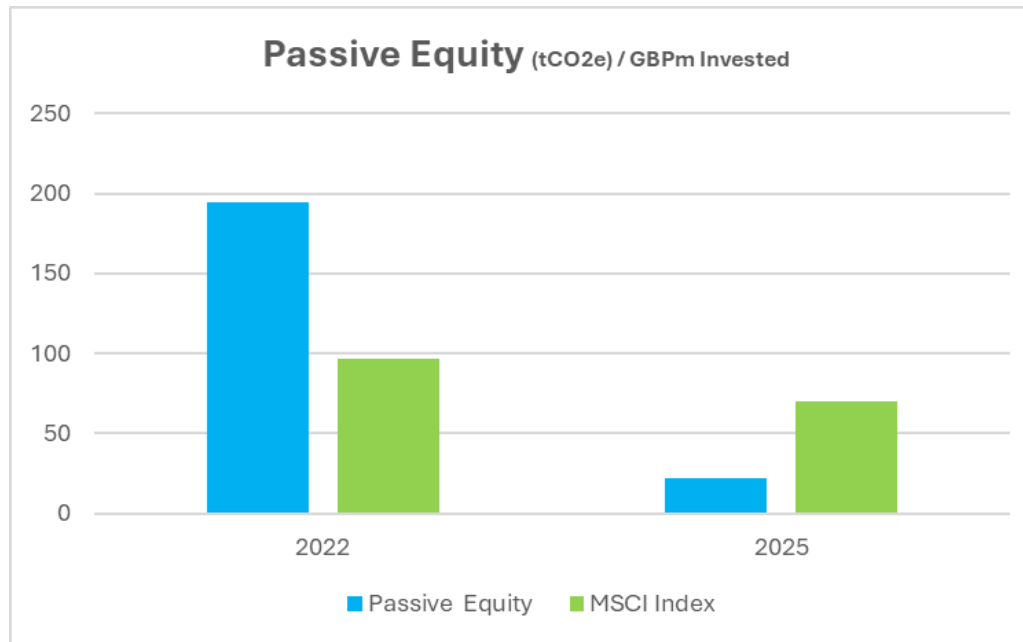
Passive equity is held in pooled funds rather than directly, and by its nature requires a different solution to actively managed portfolios.

A priority from the 2023 Climate Action Plan was to investigate indices with a lower carbon tilt than the market capitalisation indices currently applied in the Fund's passive equity portfolio.

Following the 2023 investment strategy review, passive market-capitalisation regional exposures were reallocated to low-carbon transition strategies. The RAFI passive portfolio adopted a Carbon Transition RAFI Index in 2021. The primary goal of these funds is to provide exposure to a diversified portfolio of companies while integrating specific objectives related to reducing greenhouse gas (GHG) emissions to achieve portfolio net zero by 2050. They have a dual carbon objective:

- Initial emissions intensity reduced by c. 70% vs. market cap benchmark
- Emissions intensity consistent with decarbonisation pathway and a net zero target.

The carbon risk metrics provided by SPF's global custodian, Northern Trust, demonstrate the effectiveness of the switch to low carbon passive equity funds. The passive equity portfolio's Scope 1 and 2 GHG emissions reduced materially to 21.8 tCO₂e in 2025, representing an **89% reduction** since **2022**, as illustrated in the chart overleaf.

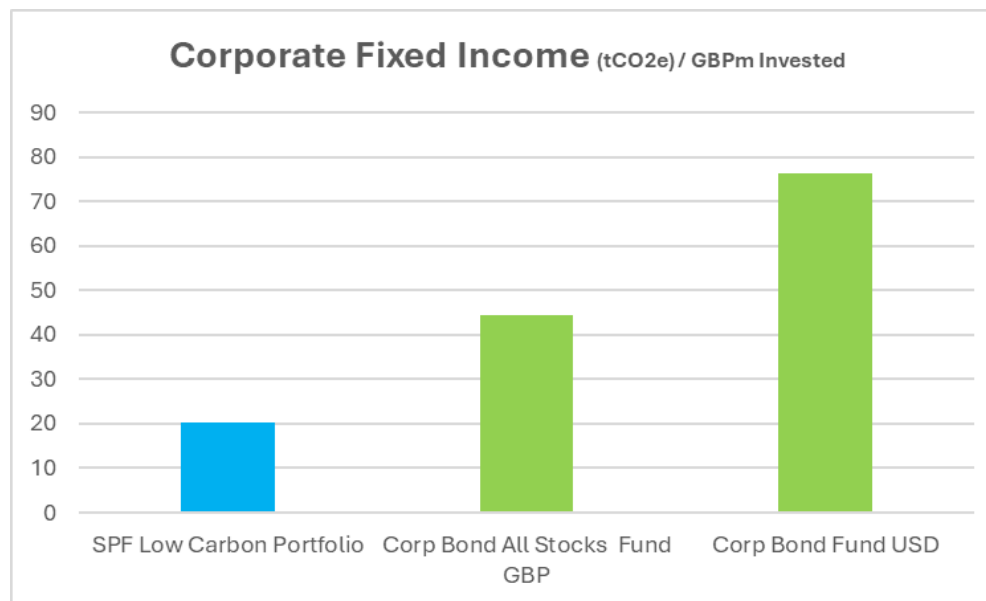


Corporate Fixed Income

A priority from the 2023 Climate Action Plan was to investigate green(er) fixed income solutions and alignment of fixed income portfolios.

The 2023 investment strategy review brought corporate fixed income into scope. A similar approach to passive equities was adopted, with passive corporate bonds transitioned in 2024 and 2025 to Legal & General's Future World Net Zero Buy and Maintain Credit fund and Low Carbon Transition corporate bond funds. The ultimate goal of these funds is to achieve 1.5C temperature alignment by 2030 and net zero emissions by 2050.

While carbon risk metrics for corporate fixed income are a recent development and lack sufficient historical data for trend analysis, the chart below illustrates the positive impact of the fund transition compared with the previously held corporate fixed income funds.



Implementing Alignment

Under the Paris Aligned Investment Initiative (PAII) Framework, the key driver for achieving net zero targets and securing emissions reductions in the real economy is the increasing alignment of assets to net zero pathways within asset class portfolios.

A priority in the 2023 Climate Action Plan was to review individual portfolio alignment with PAII investment objectives.

SPF's investment consultants, Hymans Robertson, have developed scenario modelling using MSCI data that compares SPF's portfolio emission levels with those projected by the Intergovernmental Panel on Climate Change (IPCC) and with sectoral emissions profiles assessed by the International Energy Agency (IEA) and the One Earth Climate Model (OECM). This modelling illustrates the current transition pathway of SPF's individual portfolios as well as their aggregate position.

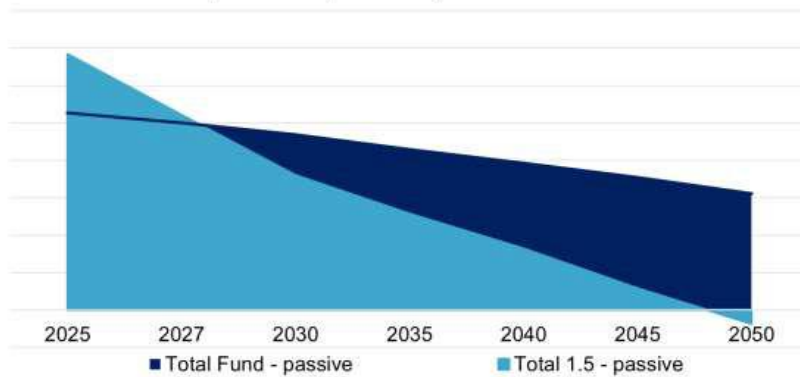
The Fund first ran this analysis during the development of its 2023 Climate Action Plan. The analysis was re-run as part of the 2025/26 review of progress and development of its 2026-2029 Climate Transition Plan.

Results of the 2025/26 analysis are shown in the charts below. In summary:

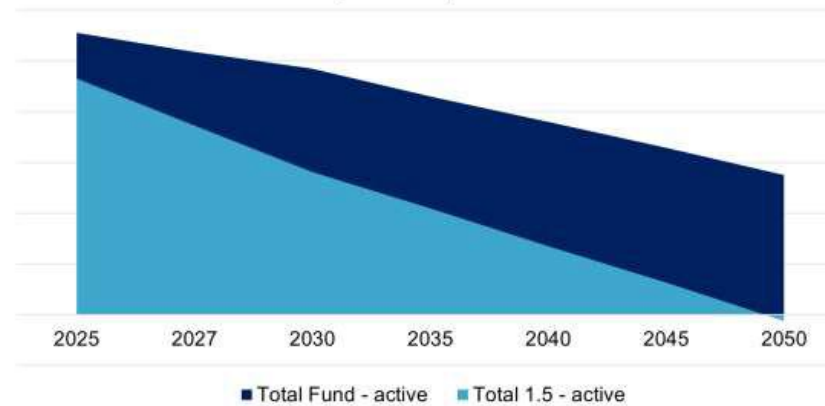
- passive mandates are well below their fair share pathway to 2030;
- active mandates are slightly above their fair share pathway but do have a reasonably strong downward trend; and
- changes to bond portfolios mean they are also well below fair share.

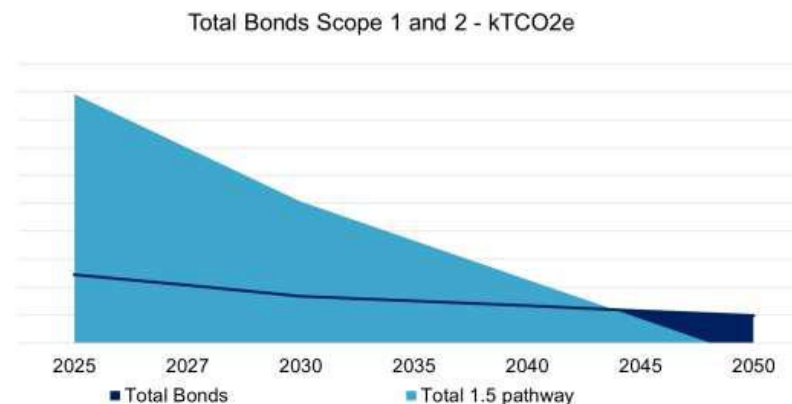
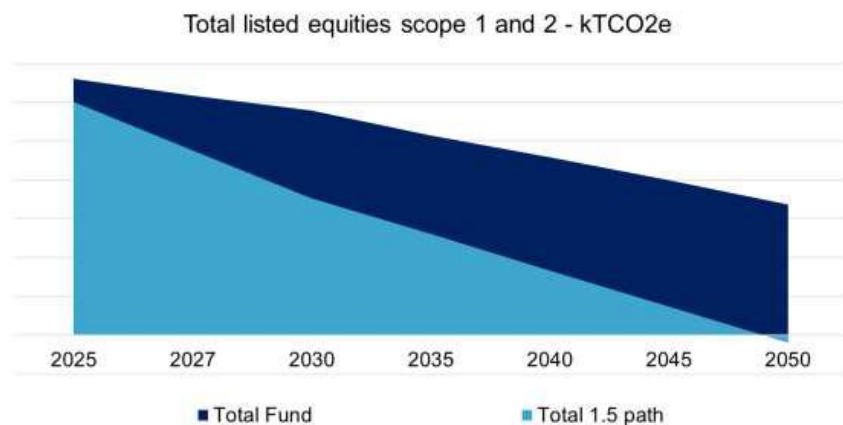
It is also clear that the equity portfolios are well adrift of their fair share pathway beyond 2030, though bond portfolios are much better aligned.

Total passive equities scope 1 and 2 - kTCO2e



Total active equities scope 1 and 2 - kTCO2e





The analysis shown above is based on scope 1 and 2 emissions only. This is consistent with NZIF 2.0 which considers that portfolio scope 1 and 2 emissions must be included in objectives. It also recommends that material portfolio scope 3 emissions be phased into net zero efforts at the portfolio level, as data availability, quality, and consistency allow, as well as where meaningful to net zero goals.

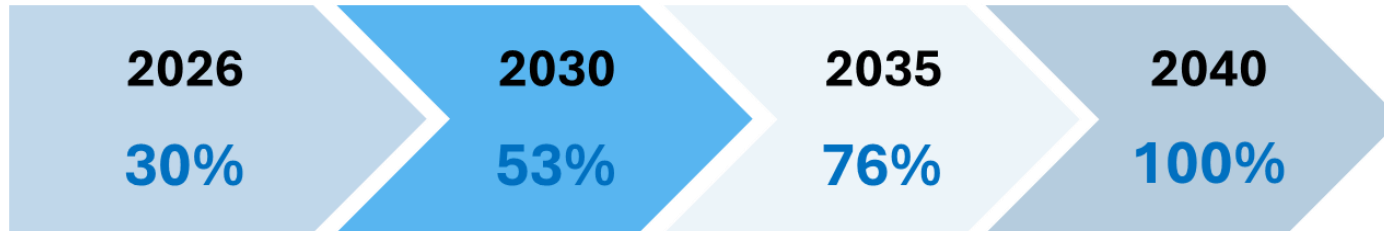
Hymans Robertson have provided analysis for individual portfolios and analysis which includes Scope 3 emissions. This does illustrate significant challenges around pace of decarbonisation based both on progress to date and targets set by companies and some specific company impacts. This analysis will be used as the basis for further engagement with managers and for ongoing strategy development.

Alignment Goal

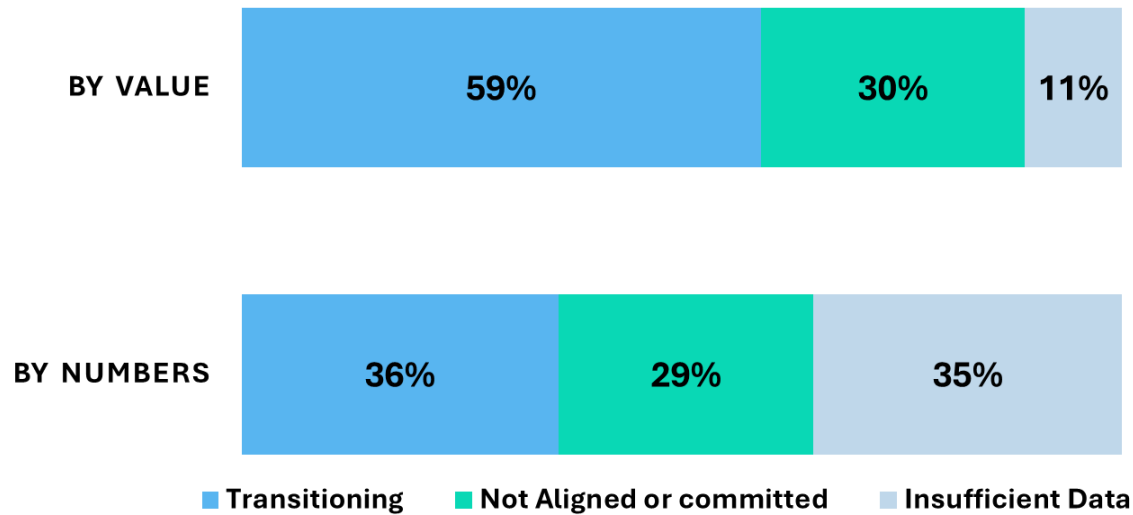
This aims to ensure that companies in which SPF invests are increasingly:

- Achieving net zero or
- Aligning to net zero or
- Aligned to to net zero.

NZIF recommends that assessment focuses on companies in high carbon-emitting sectors. The goal is to have 100% of companies confirmed as net zero or as a minimum, aligned to a net zero pathway by 2040.



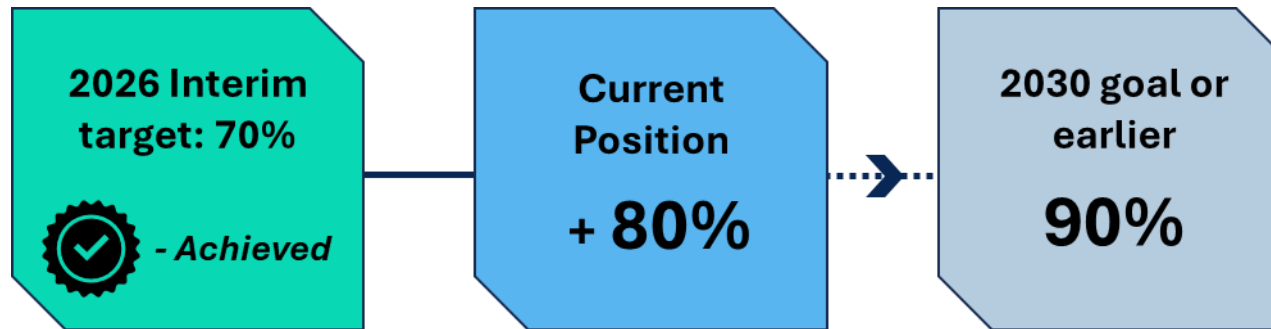
The 25/26 review of progress indicated that SPF has listed equity holdings in **77** companies operating in high impact sectors in 2025. This represents around **8.5%** of those assets by value, but accounts for the majority of financed emissions. SPF has comfortably exceeded its interim alignment target of 30% by 2026 and is currently ahead of its 2030 target of 53%. The chart below shows SPF’s current position.



Engagement Goal

This aims to ensure that SPF engages increasingly with the companies in which it invests to support and enforce their journey towards net zero.

The goal is that at least 90% of SPF financed emissions for its equity holdings in material sectors are either assessed as net zero, aligned with a net zero pathway, or the subject of direct or collective engagement and stewardship actions. The target for this goal is 2030 or earlier with an interim target of 70% by 2026. SPF has achieved this interim target.



Progress has been supported by portfolio managers, specialist agents, and a variety of collaborative climate change initiatives including the IIGCC Net Zero Engagement Initiative.

Climate Solutions Goal

The 2023 Plan did not set a specific target for the proportion of assets invested in climate solutions. However, the Fund is already investing significantly in industries and companies that will deliver these solutions: SPF's Direct Impact Portfolio (DIP) specifically targets investments with a positive climate impact; and throughout all SPF portfolios capital has been allocated to renewable energy, sustainable infrastructure, and technologies that reduce emissions and promote resilience.

As part of the climate change strategy, SPF introduced its own Energy Company Assessment Framework in 2022. This is an **annual assessment of energy companies** in SPF portfolios undertaken to assess whether they are meeting agreed minimum standards with respect to climate change.

This framework has been reviewed and refreshed as part of the 2025/26 review and is an important tool in driving and monitoring alignment within this key sector. The updated framework aims to be more forward looking and aligned with evolving best practice and industry focus on transition actions. The revised framework is summarised in the [2026-2029 Climate Transition Plan](#).

Climate Transition Plan 2026 - 2029

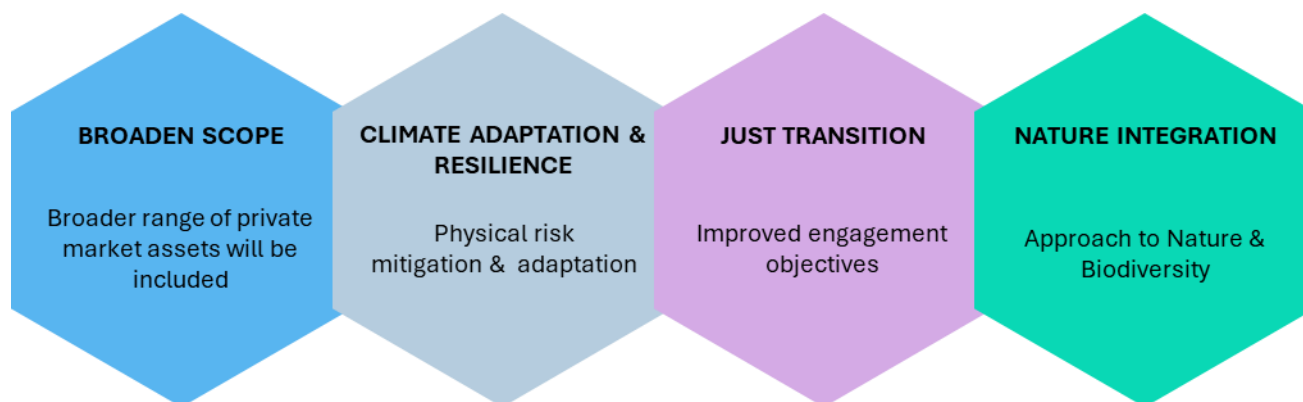
This second iteration of the SPF action plan will continue to be based on the same foundations. SPF's overriding climate objectives and targets will be unchanged. The focus will continue to be on ensuring alignment of all counterparties, portfolios and companies with SPF's ultimate Net Zero objective. Under NZIF 2.0, SPF brings 3 new asset classes into scope:

- Infrastructure;
- private equity; and
- private debt.

This second iteration of the SPF plan places more emphasis than previously on:

- climate adaptation and resilience in light of physical risk to SPF assets;
- considering nature and diversity alongside climate risk; and
- ensuring a just transition.

Robust measurement, monitoring, engagement and reporting processes will continue. SPF will review experience and progress towards its interim target, take further actions consistent with the previous iteration where required, and develop a longer-term plan for the period from 2030 to 2050.



Risks and Limitations

Climate change is itself an existential threat and a risk to the planet, its population and prosperity. The overriding objective of the Climate Transition Plan is to address this.

But in doing so, SPF needs to be cognisant of the impact and potential unintended consequences in terms of its other objectives and risk mitigants.

SPF exists to pay pensions. Its core objective is to ensure that sufficient funds are available to pay all members' pensions now and in the future. That is SPF's fiduciary responsibility. SPF's ability to achieve this objective could be significantly impaired by:

- Misalignment of the investment and funding strategies;
- Investment performance erosion;
- Transition and implementation costs;
- Reduced diversification;
- Cash-flow mismanagement.

In implementing the Climate Transition Plan, care will need to be taken to ensure that these risks are minimised or avoided.

NZIF 2.0 explicitly acknowledges this:

It is recognised that action by other stakeholders is crucial for the global economy to reach net zero emissions. Additionally, it is recognised that short term progress towards reducing real-economy emissions could be inhibited by:

- Legal obligations, fiduciary duties, and client mandates.
- Available, reasonable, and supportable information without undue cost or uncertainty.
- Internal skills, capabilities, and resources.

- Available methodologies and scenarios.
- Policies that create an enabling environment.

Liabilities and assets

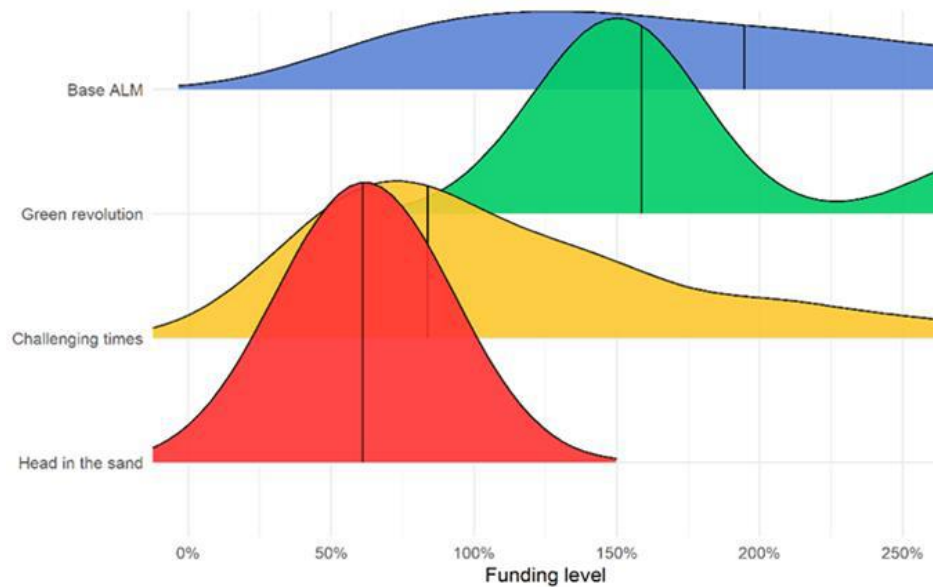
The basis for financial planning is the 3-yearly actuarial valuation of the Fund. The valuation is accompanied by detailed Asset Liability Modelling (ALM) which informs the development of the investment strategy. As part of the 2020 and 2023 valuation and modelling process, the Fund's actuary completed an analysis of the impact of climate risk on the Fund's liabilities, assets and operating costs.

The analysis undertaken considers the impacts of climate risk to the liabilities and assets of the Fund in conjunction and therefore the output is represented as an impact to the funding level. Impacts are modelled across 3 potential economic scenarios:

- **Head in the Sand** - a range of disastrous outcomes resulting from a total lack of response to climate risk.
- **Challenging Times** - where some adaption is achieved, and 'peak oil flow' is reached constraining economies of the future.
- **Green Revolution** - where rapid technological advances lead to positive adaptation to climate change.

The output of the 2020 analysis is illustrated in this chart.





The conclusions reached were:

- The fund is exposed to climate risk through both its assets and liabilities;
- The modelling illustrates a wide range of potential future funding outcomes as a direct result of government and business action or inaction on climate change;
- Some, though, by no means all, of these are very negative and;
- SPF already recognised the risk posed by climate change and is responding to it via its climate Change Strategy. The modelling will be useful in informing the future development of that strategy.

The modelling was updated as part of the actuarial valuation of the Fund as of 31st March 2023. The Fund set its funding and investment strategy using asset-liability modelling and considering two main risk metrics.

- likelihood of success: Probability of achieving full funding within 13 years.

- downside risk: The average of the worst 5% of projected funding levels in 13 years.

The modelling compared how these risk metrics change under each climate change scenario. The stress-test results for the Fund are shown in the table below:

Scenario	Likelihood of success	Downside risk
In comparison to 'core' modelling results		
Head in the sand	Broadly unchanged	5% higher
Delayed transition	1% lower	2% lower
Green revolution	1% lower	4% lower

The climate risk results were not materially different from the 'core' modelling results, and not enough to suggest that the funding strategy is unduly exposed to climate change risk. No immediate change was proposed as a result of the modelling, but the associated review of investment strategy had a strong focus on net zero activity and initiatives, including the passive equity and corporate bond fund switches to lower carbon alternative strategies implemented in 2024 and 2025.

5

Investments



Investments

There have been a number of underlying investment principles which have guided the evolution of the Fund's structure. These principles will be as important in the future as they have been in the past.

The key principles are:

Long-term perspective

Diversification

Efficiency

Competitive advantage

Pragmatism

Stewardship.

Portfolio snapshot 2026

+9.2%

Annual return on
investments 2025/26

£33.2bn

Investment value at
31/03/26

▲ £2.2bn

Change in value of
investments 2025/26

+£495m

Switch to low carbon
bonds 2025/26

£2.5bn

Total commitments to
UK focussed Direct
Impact Portfolio

158,742

CO₂ e (tons) emissions
avoided via DIP assets

£175m

Direct Impact Portfolio
new commitments
2025/26

1,300+

DIP stakes in UK social &
renewable energy
infrastructure assets

2026-29

Climate transition plan
published

>165k

resolutions voted at
>17,000 company
meetings

**UK
Stewardship
Code**

2025 Signatory

**All 4★ &
5★ ratings**

2025 PRI Survey

Statement of Investment Principles

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 [Statement of Investment Principles \(SIP\)](#) is the Fund's main investment policy document. The SIP is reviewed regularly and updated to reflect any changes agreed by the Strathclyde Pension Fund Committee. The statement has 6 schedules which are not reproduced here but can be found in the full version on the Fund's website.

1. Introduction

Glasgow City Council is the administering authority for the Strathclyde Pension Fund. The Council delegates this responsibility to the Strathclyde Pension Fund Committee. The Council and the Committee recognise that they have fiduciary duties and responsibilities towards pension scheme members and participating employers that are analogous to those holding the office of trustee in the private sector. In carrying out those duties the committee adopts the following approach.

2. Regulations

Management of the Fund's investments is carried out in accordance with relevant governing legislation and regulations, in particular the Local Government Pension Scheme (Management and Investment of Funds) (Scotland) regulations.

3. Key Principles

There have been a number of underlying investment principles which have guided the evolution of the Fund's structure. These principles will be as important in the future as they have been in the past. The key principles are as follows:

Long-term perspective – by the nature of its liabilities and sponsor covenants, the Fund is able to take a long-term view and position its investment strategy accordingly.

Diversification – the Fund seeks to diversify its investments in order to benefit from a variety of return patterns.

Efficiency – the Fund aims to achieve an efficient balance between investment risk and reward.

Competitive advantage – the Fund's size, time perspective and risk appetite give it some competitive advantages which it seeks to exploit.

Pragmatism – the Fund recognises that there are implementation considerations including cost and manageability which may lead it to favour practical investment solutions over optimised model structures.

Stewardship – the Fund is a responsible investor and adopts policies and practices which acknowledge the importance of environmental, social and governance (ESG) issues.



4. 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 current objectives of the investment strategy are to achieve:

- a greater than 2/3 probability of being 100% funded over the future working lifetime of the active membership (the target funding period) and
- a less than 10% probability of falling below 80% funded over the next three years.

5. Investment Strategy

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 and objectives, is agreed by the Committee and reviewed regularly. The investment strategy is consistent with the Funding Strategy.

6. Investment Structure

The Committee agrees an investment structure to deliver the investment strategy. The current investment objectives, strategy and structure are set out in Schedule 2 to this statement.

7. Roles and Responsibilities

The roles and responsibilities of the main parties involved in the management of the Fund are set out in Schedule 3 to this statement.

8. Risk

In order to achieve its investment objective, the Fund takes investment risk including equity risk and active management risk. It is understood and acknowledged that this may lead to significant volatility of returns and an ultimate risk that its objectives will not be met. The Fund pursues a policy of lowering risk through diversification of investments by asset class, manager and geography. Risk is also controlled by setting appropriate benchmarks and investment guidelines and maintaining a robust investment monitoring regime. The Fund employs a global custodian to ensure safekeeping and efficient servicing of its assets.

9. Liquidity and Cash Flow

The majority of the Fund's investments are traded in major stock markets and could be realised quickly if required. There is also significant investment in illiquid assets, including property, infrastructure, private equity and private debt. These provide diversification, a return premium and some inflation protection. The Fund monitors cash flow to ensure there is sufficient investment income to meet immediate and anticipated payments.

10. Responsible Investment

The Fund is a signatory to the Principles for Responsible Investment and has adopted the principles as its responsible investment policy. The principles are set out in full in Schedule 4 together with a note on the Fund's strategy for applying them in practice.

11. Exercise of Rights

The Fund ensures that the votes attaching to its holdings in all quoted companies, both in the UK and Overseas, are exercised whenever practical. The Fund's voting policy is exercised by its investment managers in accordance with their own corporate governance policies and taking account of the current best practice including the UK Corporate Governance and Stewardship Codes.

12. Climate Change Strategy

SPF believes that Climate Change is a systemic risk and thus, a material long-term financial risk for any investor that must meet long-term obligations. The Fund's progress in addressing this is summarised in its annual report each year in climate-related financial disclosures which are included as a separate Climate Change Strategy section.

13. Additional Voluntary Contributions (AVCs)

The Fund provides an in-house AVC arrangement. Further details, including investment choices available to scheme members, are set out in Schedule 5.

14. CIPFA/Myners Principles

The Fund is compliant with guidance given by Scottish Ministers. This includes each of the six Principles for Investment Decision Making and Disclosure in the Local Government Pension Scheme in the United Kingdom 2009 published by CIPFA and based on the updated Myners principles. Further details are set out in Schedule 6.

15. Stock Lending

The Fund participates in a securities lending programme managed by its global custodian. All stock on loan is fully collateralised with a margin above daily mark-to-market value. The programme is also indemnified by the custodian and provides a low-risk source of added value.

16. Schedules

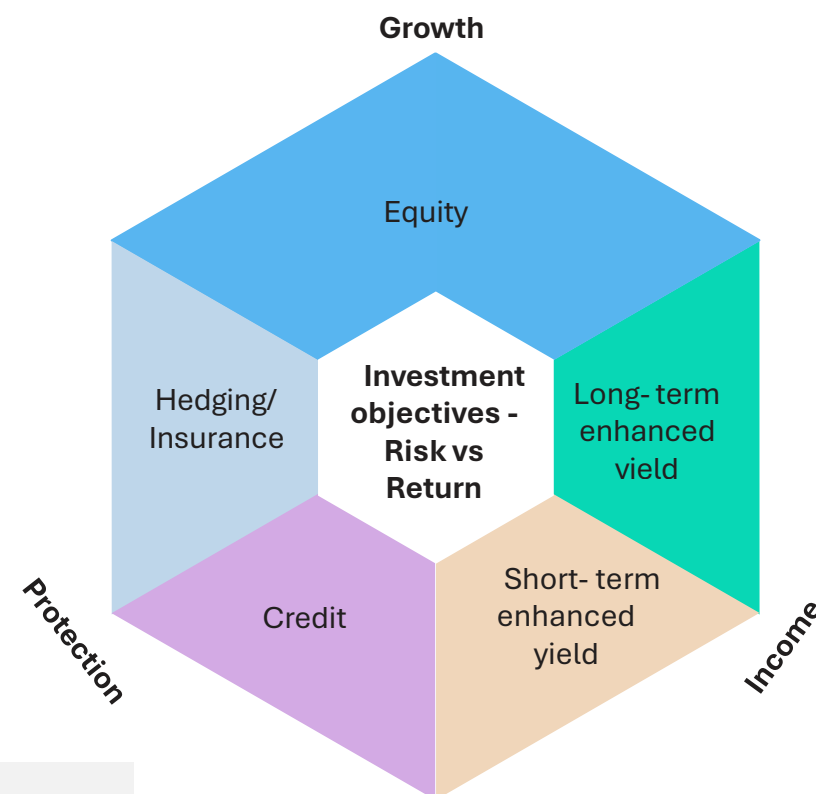
1. LGPS Regulations - Disclosures
2. Investment Objectives, Strategy and Structure
3. Investment Roles & Responsibilities
4. Responsible Investment Policy and Strategy
5. AVC arrangements
6. CIPFA/Myners Principles – Assessment of Compliance

Investment Strategy

Investment Strategy

The Fund's investment strategy is derived using asset liability modelling (ALM). The actuarial valuation process produces detailed cash flow data relating to the Fund's expected long term contributions' income and pensions payments. Using this cash flow data together with projected investment returns under multiple economic scenarios, the Fund's actuaries and investment consultants, Hymans Robertson, carry out extensive asset liability modelling. This tests the ability of the current and alternative investment strategies to achieve or maintain the funding target set out in the Funding Strategy, i.e. the balance of risk across asset types, and the potential to vary the size of asset allocations.

Following the 2014 actuarial valuation, the Fund adopted a risk/return asset framework as the basis for modelling and agreeing investment strategy. The risk/return framework is summarised in the chart and table.



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

During 2023/24, the Fund carried out a review of investment strategy alongside the 2023 actuarial valuation. The actuarial assumed rate of return was set at **+5.0% p.a.** and the Committee agreed the following strategic allocation in March 2024:

Asset Category	<i>Previous Allocation (%)</i>	Revised Allocation (%)
Equity	52.5	47.0
Hedging / Insurance	1.5	10.0
Credit	6.0	5.0
Short-term Enhanced Yield	20.0	17.0
Long-term Enhanced Yield	20.0	21.0

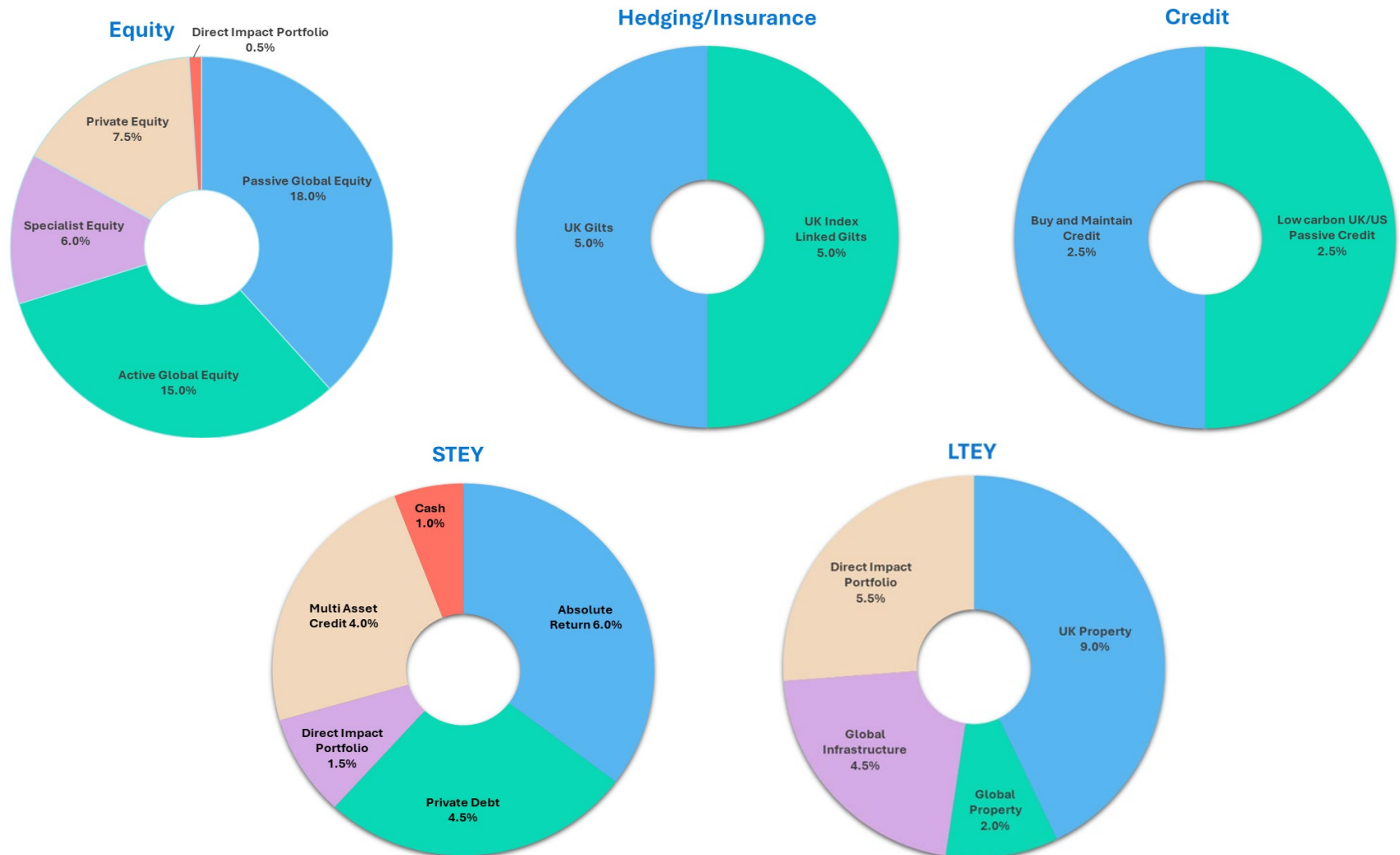
The reduction in equity was implemented in the early part of 2024/25 and is a continuation of the trend of de-risking the Fund's assets since the introduction of the risk/return framework in 2014.

The other strategic changes were also largely implemented during 2024/25, with 2 final manager and mandate switches completed in 2025/26. These final 2 mandate changes are described further in the Investment Structure and Investment Manager Allocations sections below.



Investment Structure

Strategic asset allocations within Equity, Hedging/Insurance, Credit, and Short-term Enhanced Yield (STEY) and Long-term Enhanced Yield (LTEY) by asset class and investment mandate type are shown in the structure charts below.



Assets under Management

All the Fund's investment assets are managed externally by institutional investment managers. A total of 18 managers manage 24 mandates across the 5 asset categories. A target of 7.5% of the Fund is invested opportunistically within the Fund's Direct Impact Portfolio (DIP). A further 36 investment firms manage specialist funds within DIP.

Allocations by Asset Category

Asset allocation at the end of March 2025 and March 2026 was as follows:

Asset Category	31 Mar 2025	31 Mar 2025	31 Mar 2026	31 Mar 2026	Target Allocation
	£m	%	£m	%	%
Equity	15,392	49.6%	16,819	50.6%	47.0%
Hedging / Insurance	3,216	10.4%	3,410	10.3%	10.0%
Credit	1,344	4.3%	1,295	3.9%	5.0%
Short-term Enhanced Yield	4,431	14.3%	4,607	13.9%	16.0%
Long-term Enhanced Yield	5,916	19.1%	6,280	18.9%	21.0%
Cash	711	2.3%	811	2.4%	1.0%
Total	31,010	100.0%	33,222	100.0%	100.0%

At the asset category level, the primary factors influencing the shift in investment allocations in 2025/26 were relative investment market and investment manager performance.

Investment Manager Allocations

Each external investment manager is appointed to manage a specified target % allocation of total Fund investment assets.

Actual manager allocations vary over time in line with investment performance and cash flows. The Fund's rebalancing strategy ensures that actual allocations at the asset class, mandate and manager levels do not stray too far below or above their strategic targets. A range is set above and below each target allocation and actual positions relative to target ranges are reviewed each quarter. If on review an asset class / mandate type / portfolio is outside its range, action will be considered to bring it back towards its target allocation.

SPF also applies a relative value framework across the Hedging/Insurance and Credit allocations based on medium term asset class views, allowing the Fund to agree to limited changes of position in credit, nominal and index-linked gilts and cash relative to their 'neutral' strategic targets.

The following changes to the investment manager and mandate structure were agreed as part of the 2023/24 review and implemented during 2025/26:

- Within **Equity**
 - The Fund agreed to switch its emerging market equity mandates with Genesis and Fidelity (shown as a combined 'Active Emerging Market Equity' allocation in the manager allocation table overleaf) to a new emerging market equity mandate with RBC GAM.

The first stage of the transition to RBC, the sale and reinvestment of proceeds from the Genesis mandate, was completed in 2024/25. The second and final stage, the sale and re-investment of proceeds from the Fidelity portfolio, was completed in 2025/26.



- Within the **Credit** allocation the switch of the Fund's passive corporate bond holdings with Legal and General (total value **+£495m**) to new ESG tilted corporate bond funds was completed in July 2025.

In addition, the Fund

- Maintained underweight positions, relative to strategic target, in UK index-linked gilts and in passive corporate bonds, in favour of an overweight to UK gilts, based on quarterly assessments of relative value framework metrics.
- Rebalanced **£300m** from the Fund's passive equity portfolio and **£150m** from active global equity after the overall allocation to listed equity moved outside the upper limit of its target range. Sales were executed in Q4 2025, and proceeds held in cash.
- Agreed a new commitment to private debt secondaries (**+£175m**) with Pantheon. Together with an initial commitment of **£100m** in 2024, this new investment should help bring the Fund's allocation to private debt secondaries closer to its target of 0.75% of total Fund.
- Agreed a new commitment of **+£300m** to Partners Group private equity to maintain the portfolio's strategic allocation of 2.5% of total Fund.
- Finalised an additional **+£200m** commitment to the Barings private debt portfolio to build exposure towards the strategic target of 1.75% of total Fund.
- Met drawdown requests of (**£445m**) across its private market portfolios and received **+£639m** back in distributions.

The breakdown of the Fund's assets by investment manager, mandate type and asset class at the end of March 2025 and March 2026 was as follows:





Manager	Mandate Type	Performance Benchmark	31 st March	Allocation	31 st March	Allocation	Target
			2025 %	%	2026 %	%	Range %
Legal & General	Passive Global Equity	Low carbon equity indices	19.3	18.0	20.6	18.0	15-21
Baillie Gifford	Active Global	MSCI All Countries World Index	7.6	7.5	7.4	7.5	6-9
Lazard	Active Global Equity	MSCI All Countries World Index	3.1	2.5	3.1	2.5	1.5-3.5
Oldfield	Active Global Equity	MSCI All Countries World Index	2.9	2.5	3.5	2.5	1.5-3.5
Veritas	Active Global Equity	MSCI All Countries World Index	3.2	2.5	2.8	2.5	1.5-3.5
Lombard Odier	Specialist Equity	Specialist smaller companies index	1.2	1.0	1.2	1.0	1-2
JP Morgan	Specialist Equity	Regional smaller companies' indices	2.9	3.0	3.3	3.0	2-4
Active EM Equity	Specialist Equity	S&P IFC Emerging Markets Index	0.4	0.0	0.0	-	-
RBC	Specialist Equity	MSCI Emerging Markets Index	1.4	2.0	2.0	2.0	1-3
Pantheon	Private Equity	MSCI All Countries World Index +5%	4.3	5.0	3.7	5.0	5-10
Partners Group	Private Equity	MSCI All Countries World Index +5%	2.9	2.5	2.4	2.5	
DIP	Private Equity	CPI +3%	0.4	0.5	0.6	0.5	0-2
Equity			49.6	47.0	50.6	47.0	40-54
Legal and General	Passive Gilts	FTSE All Stocks Gilts Index	5.9	5.0	6.7	5.0	4-6
Legal and General	Passive Index linked	FTSE Index Linked Gilts > 5 Years Index	4.5	5.0	3.6	5.0	4-6
Hedging / Insurance			10.4	10.0	10.3	10.0	4-16
Legal and General	UK/US Corporate/ Low Carbon UK&US Passive Credit	UK/US Corporate bond indices/ Low carbon corporate bond indices	1.9	2.5	1.5	2.5	2-3
Legal and General	Buy and Maintain Credit	iBoxx Sterling Non-Gilts 5+ Index	2.4	2.5	2.4	2.5	2-3
Credit			4.3	5.0	3.9	5.0	2-8

Manager	Mandate Type	Performance Benchmark	31 st March		31 st March		Target Range
			2025 %	Allocation %	2026 %	Allocation %	
PIMCO	Absolute Return	SONIA +3.25%	3.8	4.0	3.7	4.0	3-5
Ruffer	Absolute Return	SONIA +3%	1.8	2.0	1.8	2.0	1.5-2.5
Barings	Multi-Asset Credit	SONIA +4%	2.3	2.25	2.3	2.25	1.5-3
Oak Hill Advisors	Multi-Asset Credit	SONIA +4%	1.9	1.75	1.8	1.75	1.5-2.5
Barings	Private Corporate Debt	SONIA +4%	1.3	1.75	1.1	1.75	1-2.5
Partners Group	Private Corporate Debt	SONIA +4%	1.1	1.00	1.2	1.0	1-2
Pantheon	Private Corporate Debt	SONIA +4%	0.1	0.75	0.2	0.75	0-1.5
Alcentra	Private Corporate Debt	SONIA +4%	0.8	0	0.6	0	-
ICG-Longbow	Private Real Estate Debt	SONIA +4%	0.9	1.0	0.9	1.0	1-2
DIP	Various	CPI +3%	0.3	1.5	0.3	1.5	0-2
Cash		-	-	1.0	-	1,0	0-5
STEY			14.3	17.0	13.9	17.0	15-19
DTZ	UK Direct Property	MSCI Annual Property Universe	8.0	9.0	7.8	9.0	7-11
Partners Group	Global Property	8% p.a. absolute return (£ adjusted)	1.9	2.0	1.9	2.0	1.5-2.5
JP Morgan	Global Infrastructure	8% p.a. absolute return	4.8	4.5	5.0	4.5	3-6
DIP	Various	CPI +3%	4.4	5.5	4.2	5.5	2.5-7.5
LTEY			19.1	21.0	18.9	21.0	18-24
Cash			2.3	0.0	2.4	0.0	0-5
Total			100.0	100.0	100.0	100.0	-

A complete list of all the Fund's [Investment Holdings](#) at 31st March 2026, together with a separate list of all [Holdings in alternative assets](#), is available in the [Investments Section](#) of the Fund's website.

Market Commentary

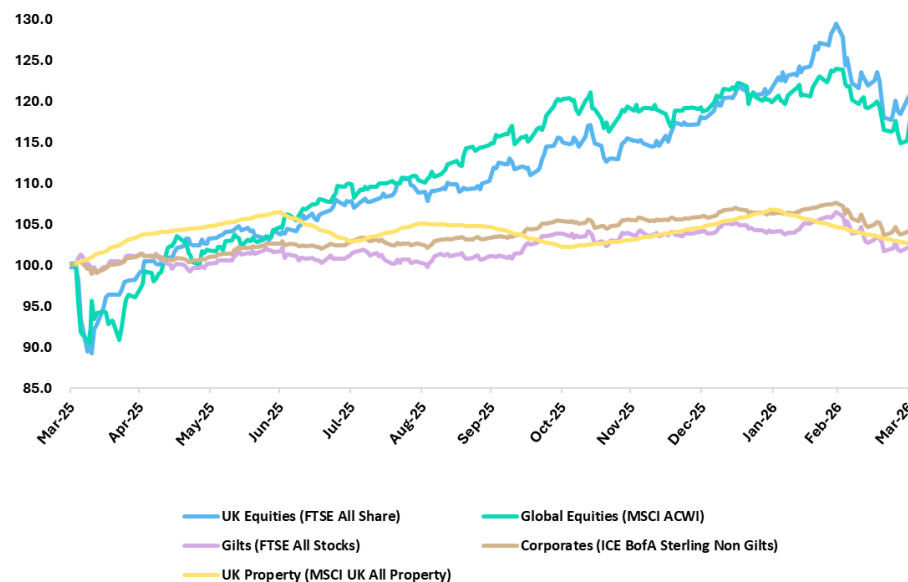
2025/26 was a very strong year for global equities. The return on the MSCI All Countries World Index was + 17.5%, driven by resilient risk appetites despite economic and geopolitical uncertainty.

At the start of April, on ‘Liberation Day’, US President Donald Trump announced wide-ranging reciprocal tariffs on trading partners which initially triggered market sell offs. Optimism returned and markets rebounded after the announcement of a 90-day tariff pause and as trade tensions eased between the US and China. Improving corporate earnings, the continuing ascendancy of Artificial Intelligence (AI) related stocks, accommodative central bank policies and rate cuts all contributed to strong performance through to the end of 2025.

Although equity market performance was positive over the 2025/26 financial year as a whole, early 2026 saw a downturn. Signs emerged in Q4 2025 that the months long technology driven AI rally was entering a new phase, with concerns that heavy spending on data centres and chips, funded increasingly through substantial debt issuance, might not lead to anticipated profits. This sparked a broad sell off in technology at the start of 2026 and prompted a rotation towards value stocks.

The second significant catalyst for the downturn in performance was the escalation of conflict in the Middle East as the US and Israel launched airstrikes against Iran in late February, prompting Iran to impose a near blockade of the Strait of Hormuz. The disruption led to a surge of +63% in crude oil prices, to \$118 a barrel, by the end of March 2026. Higher energy and fertiliser costs raised fears of inflation and having anticipated stable or lower interest rates in 2026, market expectations shifted sharply towards elevated or further rate increases.

Market Returns 2025/26



In the US, markets reached new all-time highs in 2025, due to the strong earnings of technology stocks and trade deal optimism. Economic growth was volatile, with data showing a contraction in Q1 2025, followed by strong a rebound before positive but more modest growth in the final quarter of the calendar year. In early 2026, early market strength gave way to weaker performance, as technology shares came under pressure and higher treasury yields and interest rate expectations weighed on valuations.

European equities performed positively but lagged other regions. Moderate gains in 2025 were marginally offset by weakening performance in Q1 2026, due to higher energy prices, rising bond yields and geopolitical risks. Growth in the region remained weak but positive. The UK market delivered steady but below global returns in local



currency terms. GDP growth slowed, but the market benefitted from trade agreements with the EU and US and strong commodity and energy sector performance. Japan was one of the strongest performing developed markets, driven by fiscal stimulus, corporate reforms, a weak yen supporting exports and the beginnings of normalisation of monetary policy by the Bank of Japan. Chinese equity performance lagged developed markets, due to weak growth and continued concerns over the property sector.

Global government bond performance varied across quarters and regions, reflecting uncertainty and shifting expectations on inflation, growth and policy. Geopolitical risks, in particular the potentially inflationary impact of tariffs and rising energy prices due to conflict in the Middle East were key drivers of yield volatility. The emerging picture of slowing global growth only added to the uncertainty.

Yields on 10-year US treasuries were flat at the start of the financial year (~4.2%), fell mid-year on weak data and rate cut expectations, before rising into 2026 due to inflation concerns linked to the oil price. UK gilt performance was even more volatile than that of peers. The 10-year gilt yield initially fell before rising to just below 5% at the end of March, amid concerns about fiscal deficits and borrowing, weak growth, above target inflation and an uncertain outlook for interest rates.

Global credit markets generally performed positively in Q2 – Q4 2025, with yields mostly declining and spreads tightening, a reflection of improved sentiment and strong demand. But similar to equities and sovereign bonds, concerns over the Middle East and the outlooks for the oil price, inflation and interest rates led to a clear deterioration in Q1 2026, as yields increased and spreads widened.

Sterling appreciated against the US dollar and Yen over 2025/26 but weakened against the Euro. The gradual slowing of UK economic growth and persistence of above target inflation, despite falls in CPI in the first half of the financial year, together with limited interest rate cuts and uncertainty over further easing, increased currency volatility.

UK commercial property returns were positive (+2.7%) but mostly driven by income as levels of capital growth reduced to much more modest levels as the year progressed. Office returns continued to lag other sectors in 2025. In Q1 2026, geopolitical uncertainty did not translate in visible pricing impacts in the UK market, with commercial property performance stable and broadly unchanged from the previous 3 quarters.

Fund Performance

The Fund measures performance using the service provided by its global custodian, Northern Trust. The performance objective for each investment manager with an active investment mandate is to outperform their benchmark, as shown in the manager allocation tables above, which may be a cash plus target, a target absolute return, an appropriate market index or a performance universe.

The performance of the Fund as a whole and at each asset class level is measured against blended benchmarks, which are products of individual manager benchmarks and their strategic target allocations. Details of the Fund's current benchmark are also provided in Schedule 2 of the Fund's [Statement of Investment Principles \(SIP\)](#).

Investment Returns for 2025/26

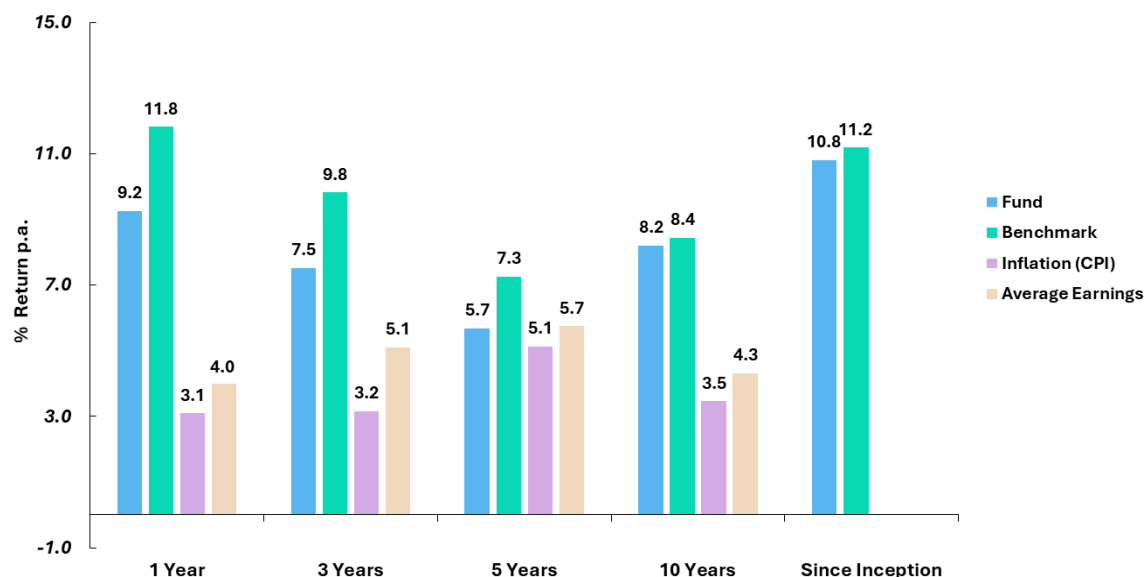
The Fund's performance has been calculated based on Northern Trust's consolidated valuation of the Fund at 31st March 2026.

Strathclyde Pension Fund returned **+9.2%** over 2025/26, **-2.3%** behind its benchmark return of **+11.8%**, but ahead of inflation and average earnings growth. Total Fund performance is behind its strategic benchmark over all time periods, but ahead of inflation and average earnings.

Total Fund performance in 2025/26 was ahead of the actuarial discount rate of **+5.0% p.a.** set out in the Funding Strategy Statement at the 2023 valuation, and ahead over the three-year inter-valuation period (**+7.5% v +5.0% p.a.**).

Despite weaker relative performance more recently, Equity portfolios remain the most significant contributor to the Fund's positive performance over the longer term.

Long-term performance to 31st March 2026



Performance has been calculated net of pooled and private market fund fees, but gross of segregated mandate fees.

Estimated total Fund performance over 2025/26 net of all investment manager fees was **+9.1%**. Performance by asset class, including estimated net of fee performance over the 12 months to 31st March 2026, is shown in the charts below.

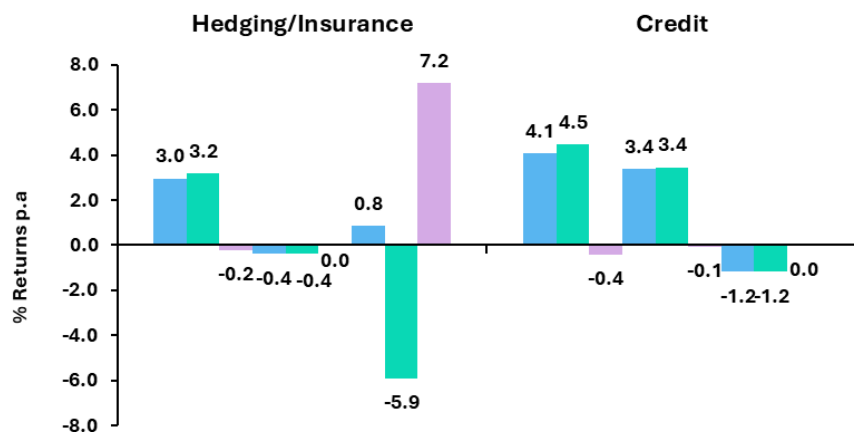


Asset class performance 2025/26

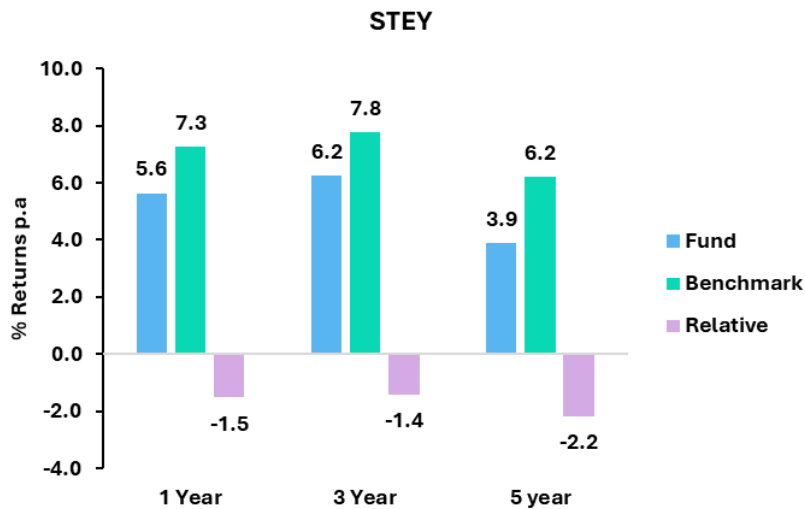


Equity portfolios are measured against market indices and in 2025/26 achieved a combined return of **+13.5%** (**+13.3%** net of fees), compared with a benchmark return of **+18.5%**:

- While absolute performance of all listed equity mandates was strongly positive over the year, only 3 portfolios – active emerging market equity, JP Morgan global small cap and Oldfield Partners – outperformed their benchmarks.
- Absolute returns from the Fund’s long-standing private equity portfolios were much lower by comparison, with returns of **+1.7%** and **-1.0%** from Pantheon and Partners group respectively. Private equity remains the Fund’s strongest relative performer over the long term.
- On an absolute and relative basis, the two private equity portfolios, together with the JP Morgan global small cap and Lombard Odier UK small cap mandates, are the strongest performers over the long term.

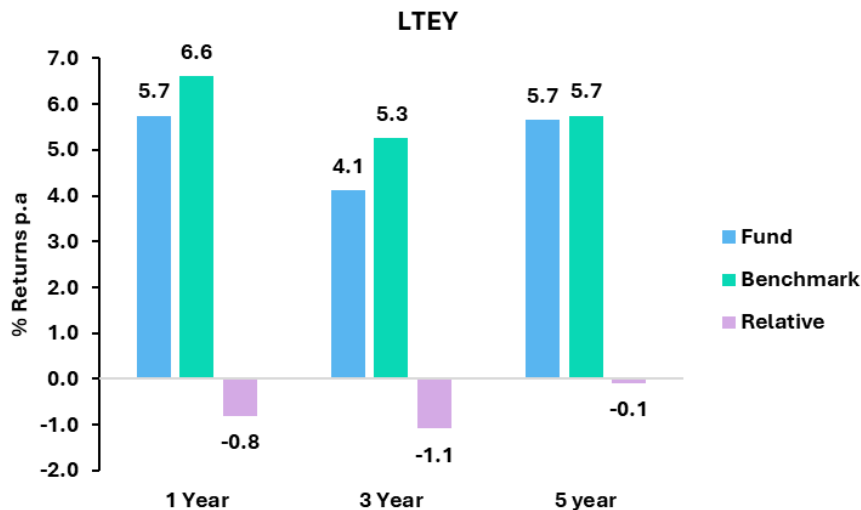


- **Hedging/ Insurance** portfolio performance was **+3.0%** (**+3.0%** net of fees) and behind benchmark in 2025/26. Passive gilts returned **+2.5%**, while the return on the Fund’s index-linked portfolio was **+3.9%**.
- The combined performance of the funds that make up the **Credit** allocation - passive / ESG passive corporate bonds funds and the Future World Buy and Maintain fund - was **+4.1%** (**+4.0%** net of fees) and behind benchmark. The annual return of the passive corporate bond portfolio was **+4.3%**, while the annual return of the Buy and Maintain credit portfolio was **+3.9%**.



STEY portfolios are all measured against a cash plus benchmark. Over 12 months, combined portfolio performance was positive **+5.6%** (+5.6% net of fees) but behind benchmark (**+7.3%**):

- The return on all institutional investment manager portfolios was positive but the majority underperformed, with only the returns of the Ruffer absolute return mandate and the Partners Group and Pantheon private debt mandates exceeding benchmark over the financial year.
- Performance of all manager portfolios is positive but behind benchmark over 3 and 5 years, with a combined return across mandates of **+6.2%** and **+3.9%** respectively.
- On a since inception basis, only the Barings and Pantheon private debt portfolios have outperformed their benchmarks.



Combined **LTEY** portfolio performance was **+5.7%** (+5.6% net of fees), behind benchmark in 2025/26:

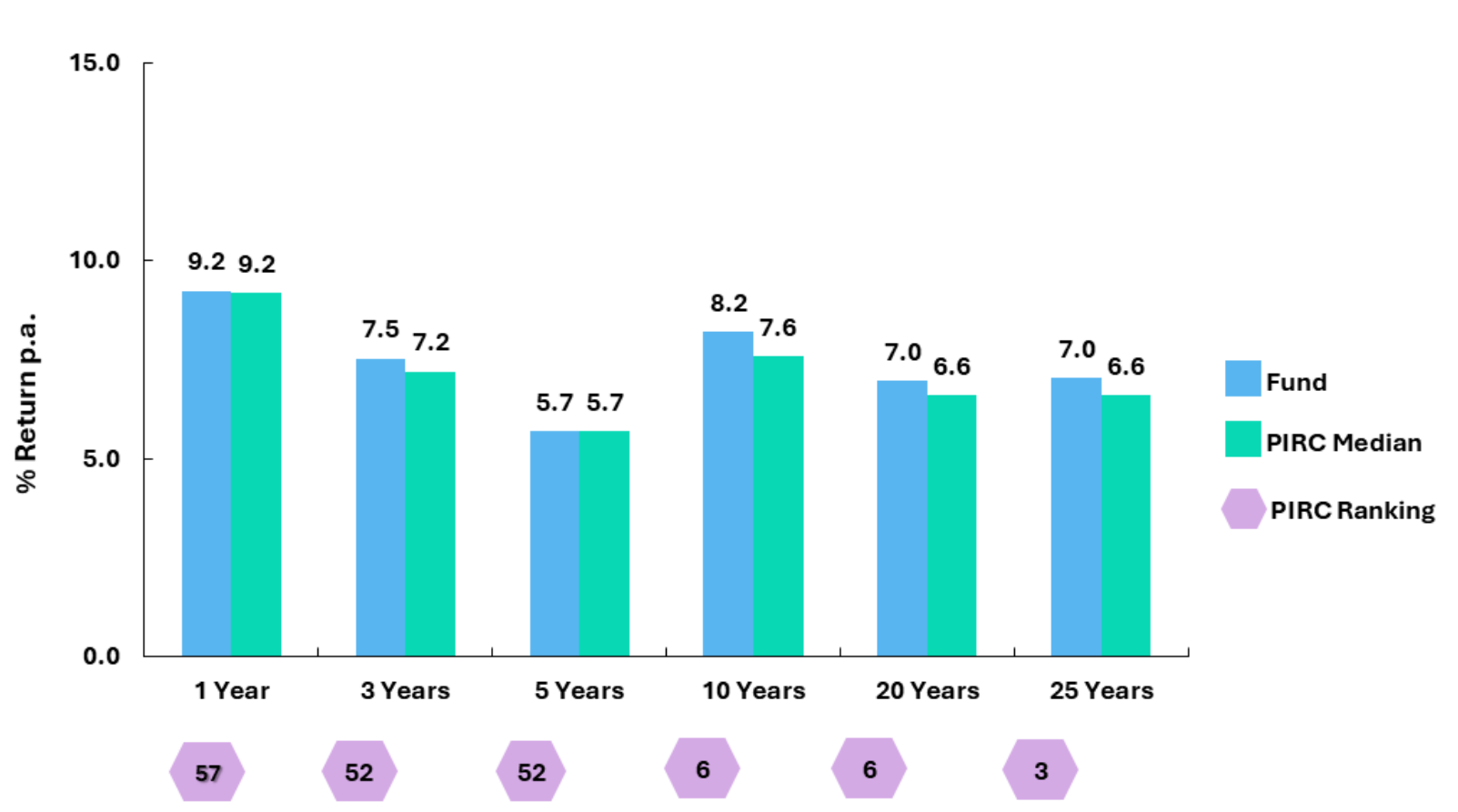
- The DTZ UK direct property portfolio return was positive and ahead of benchmark, with performance mainly driven by strong income returns.
- JP Morgan International Infrastructure fund performance was strongly positive and ahead of benchmark as the fund continues to grow and benefit from established income yields.
- The return on the Partners Group real estate portfolio was negative and significantly behind benchmark, detracting from overall LTEY asset class performance over the year.



Pension Fund Returns

Strathclyde Pension Fund subscribes to PIRC’s Local Authority Pension Performance Analytics Services, which gathers and compares the performance of UK local authority pension funds. Provisional universe results for 2025/26 indicate that Strathclyde Pension Fund performance has been equal to or above median performance over all time periods. The Fund has ranked in the top quartile of local authority funds over the 10, 20 and 25 year time periods.

PIRC Local Authority Universe



Investment Management Costs

The level of fees and expenses paid by the Fund to individual investment managers varies relative to the complexity involved in managing a particular investment asset and strategy, the associated risk and expected investment returns. The Fund complies with CIPFA guidance on investment management costs when completing its financial statements. Fees and expenses incurred within a pooled investment vehicle as a result of that vehicle's investment in other pooled funds are not included in the Fund's financial statements as the Fund has no control over these costs. This type of 'fund of fund' investing typically occurs in private market investments. CIPFA suggests that these 'Tier 2' expenses can be included for information elsewhere in the annual report. Investment manager estimates of the Fund's share of 'Tier 2' costs for 2025/26 were £23.2m (2024/25 £22.8m).

The Local Government Pension Scheme (LGPS) Code of Transparency

The LGPS Scheme Advisory Board (SAB) in England and Wales launched a Code of Transparency in May 2017, a voluntary agreement for investment managers to provide LGPS clients with transparent fee information. The Code recognised that there may be additional costs over and above those invoiced or disclosed in traditional reporting and launched a cost template that would allow pension funds to gather cost and fee information for listed investment assets in a consistent manner. In November 2018, the Cost Transparency Initiative, a partnership between the Pension and Lifetime Savings Association (PLSA), the Investment Association (IA) and the SAB was established and further developed industry standard templates to form a framework for investors to receive standard cost and charge information from asset managers across different asset classes, allowing investors to compare charges between providers, support the Fund in decision making and, when monitored and evaluated in the context of asset class, risk and return, assist with value for money assessments.

SPF is a strong supporter of the work carried out to date on cost transparency, and all but one of its institutional investment managers have signed up to the LGPS Code of Transparency. SPF receives cost information in standard templates from all of its managers although not in time to ensure that these templates are the source of fee and expense information in the SPF's annual financial statements.

SPF continues to engage with all managers, including managers of the Direct Impact Portfolio, to support the Code and to encourage them to complete the cost template relevant to their asset class.

Direct Impact Portfolio Background and Strategy

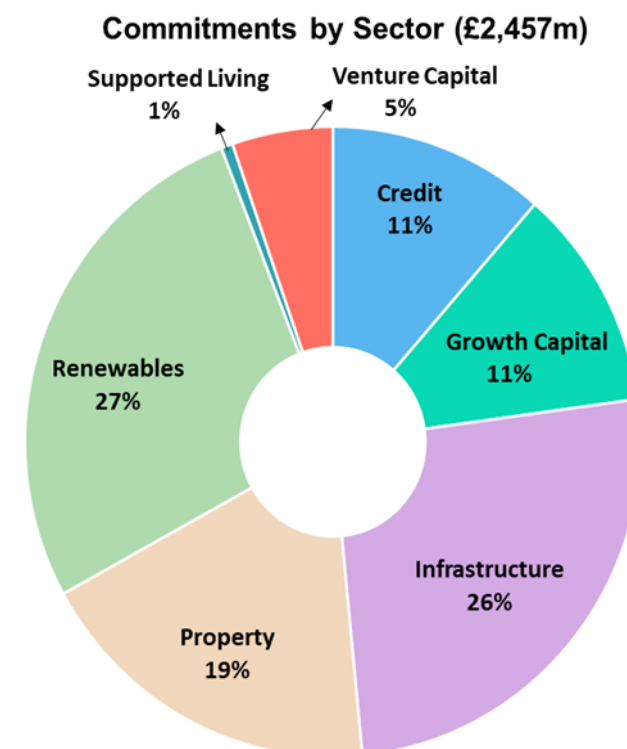
In December 2009, the Strathclyde Pension Fund Committee agreed to establish a New Opportunities Portfolio with a broad remit to invest in assets for which there was an attractive investment case but to which the then current structure did not provide access. The portfolio strategy has been subject to 3-yearly reviews with the name changing to the Direct Investment Portfolio in 2015 and again in 2021 to the Direct Impact Portfolio (DIP).

The most recent review was concluded in November 2024. This made no change to the objectives, structure, overall size parameters, risk and return parameters, or governance structure, but did result in increases to the DIP's overall allocation and minimum required investment return and a minor amendment to the maximum investment size. The Co-Investment Programme was also extended, in conjunction with an increase in the maximum co-investment size.

The framework agreed at the 2024 review is summarised below.

Direct Impact Portfolio: Investment Strategy

Objectives	Primary objective identical to overall SPF investment objective.
	Secondary objective of adding value through investments with a positive local, economic or ESG (environmental, social, governance) impact.
Strategy & Structure	In line with SPF risk-return framework but focused on the UK and the Equity, Long Term Enhanced Yield and Short-Term Enhanced Yield asset categories.
Risk and Return	Individual risk and return objectives for each investment.
	Total DIP benchmark: LIBOR to 31st December 2018, CPI +3% thereafter
Capacity	Target allocation of 7.5% of total Fund (based on Net Asset Values). Range of 5% to 10% of total Fund.
Investment Size	Target: £30m to £100m
	Minimum: £20m
	Maximum: £250m
Co-investment Programme	Existing Co-Investment Programme (CIP) increased to £300m with maximum investment per asset increased to £25m, subject to the agreed CIP investment parameters.

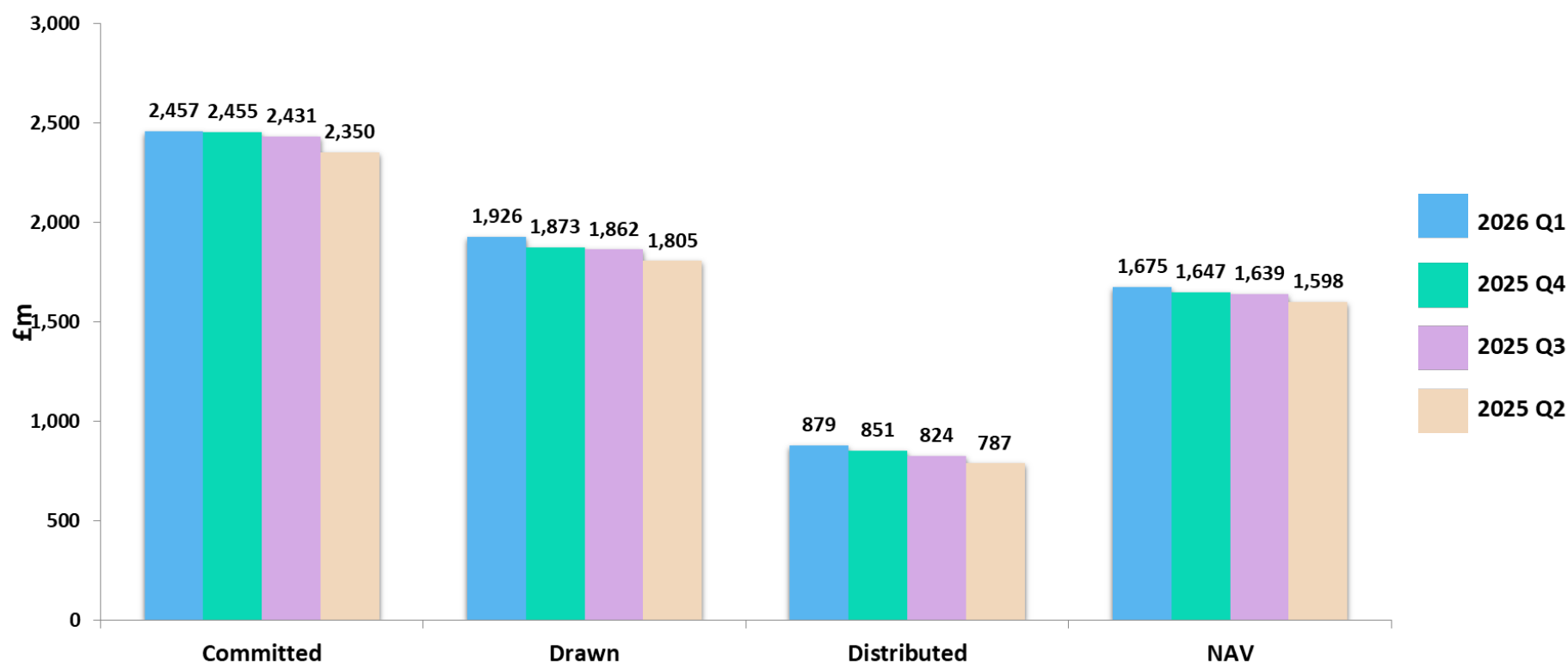


Assets under Management

As at 31st March 2026, DIP commitments totalled **£2,457m** or **7%** of total Fund, including **£65m** of commitments in the Co-Investment programme. The Net Asset Value of investments was **£1,675m** or **5%** of total Fund. DIP investments span 7 broad sectors with Infrastructure, Renewable Energy and Property comprising the 3 largest components and representing a combined total of **72%** of the total portfolio.

Change in Investment Profile

The value of approved DIP commitments increased by **£175m** in the financial year and totalled **£2,457** at 31st March 2026. The net asset value of DIP increased by **£77m** in 2025/26. **£125m** of distributions brought the total received since inception to **£879m**.



Review of Investment Opportunities

During the year the SPF investment team reviewed **149** opportunities across a range of asset classes:

- Credit (31)
- Infrastructure (12)
- Property (39)
- Renewable Energy (17)
- Supported Living (0)
- Venture/Growth Capital (50)

4 Investment proposals were approved by the SPF committee in the financial year and **1** investment was made from the previously approved Co-investment programme.



New Investments

4 new fund investments were approved in the year.

BEECHBROOKcapital

£50m to Beechbrook UK SME CREDIT Fund to provide loans to UK regional businesses in the lower mid-market segment

MAVEN

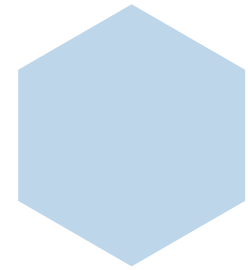
£30m to Maven UK Regional Buyout Fund II to provide equity investment to UK regional SME companies to support buyouts, acquisition finance and growth

M
Man

£50m to Man Group CoHo 3 to build or acquire a portfolio of mixed tenure affordable homes in the UK, predominantly leases to councils and housing associations.

 **EPIDAREX**
CAPITAL

£25m to Epidarex Capital Fund IV to invest in early-stage life sciences (new therapeutics) technology.



Co-Investment Programme

The Co-Investment Programme was introduced to achieve additional investment in assets expected to deliver the most impact to the DIP portfolio. Individual opportunities often arise at relatively short notice and require a rapid response by potential co-investors.

To manage this, DIP has taken a portfolio approach by establishing a new investment vehicle allowing allocation to funds that can invest in these opportunities within certain pre-determined parameters. This is consistent with the approach taken within SPF's private equity portfolios.

A key principle is that funds are only allocated to managers with whom the SPF Committee has already approved a DIP investment.

The introduction of the Co-Investment Programme has allowed DIP to:

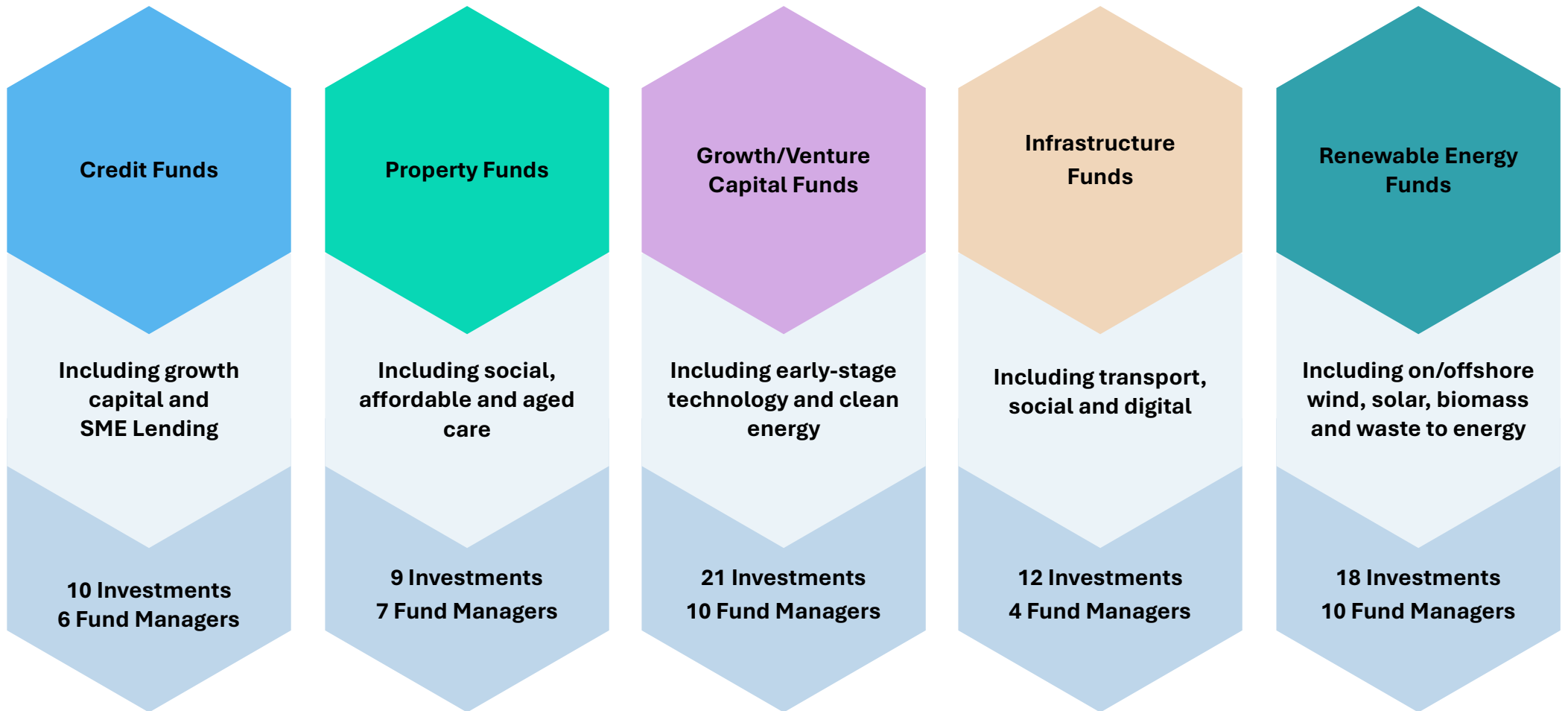
- deploy more funds incrementally into valuable sectors;
- manage portfolio diversification; and
- take advantage of lower fee structures on co-investments, which reduce the overall blended cost of DIP's core and co-investment allocations.

1 investment from the DIP Co-Investment Programme was approved in the year:



£20m to Equitix MA16 (Project Viking) to assist with the acquisition of 4 Renewable Obligation Certificate (ROC) accredited windfarms in Lanarkshire and Wales.

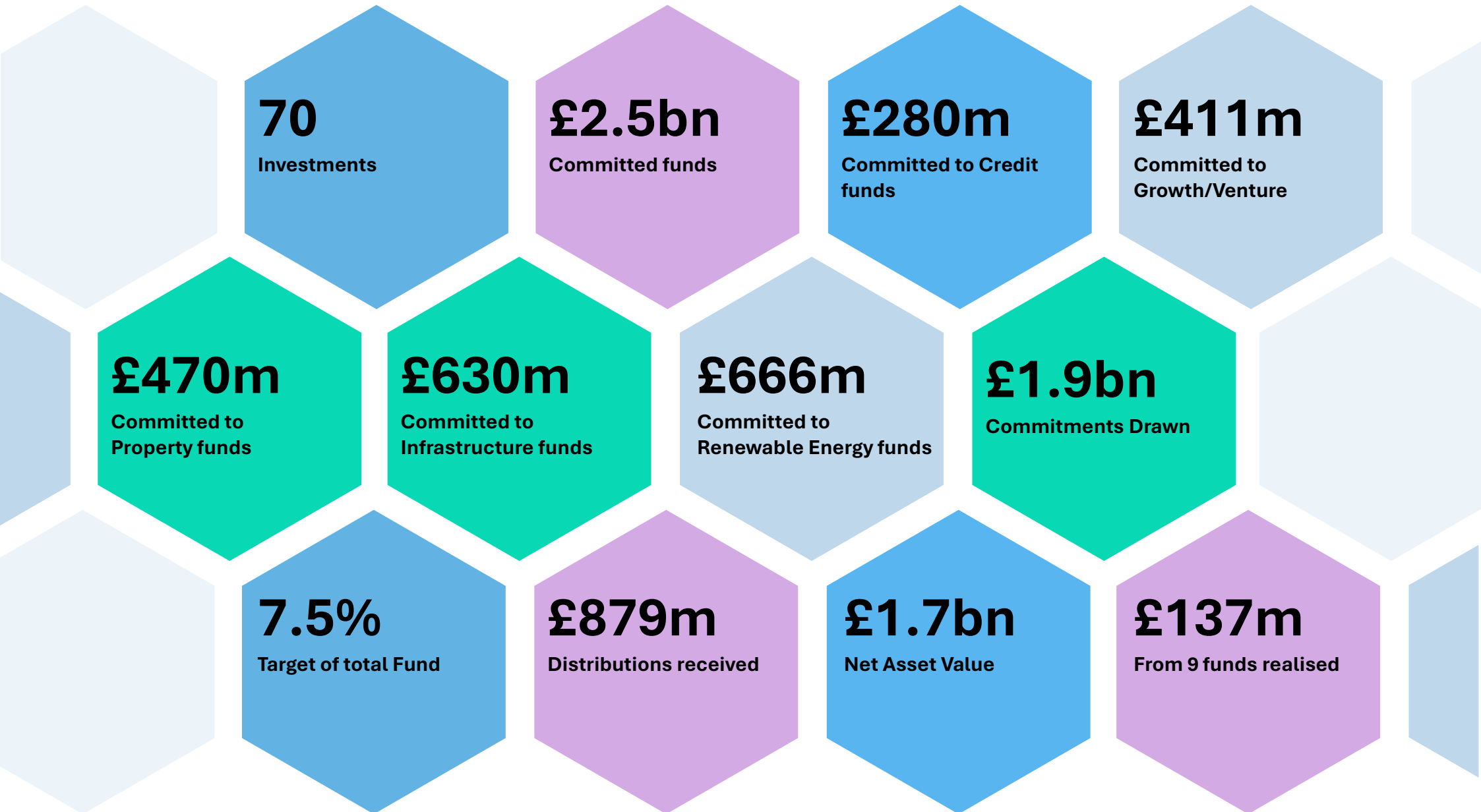
Portfolio snapshot 2026



A full list of the [DIP Portfolio investments](#) can be found on the SPF website.

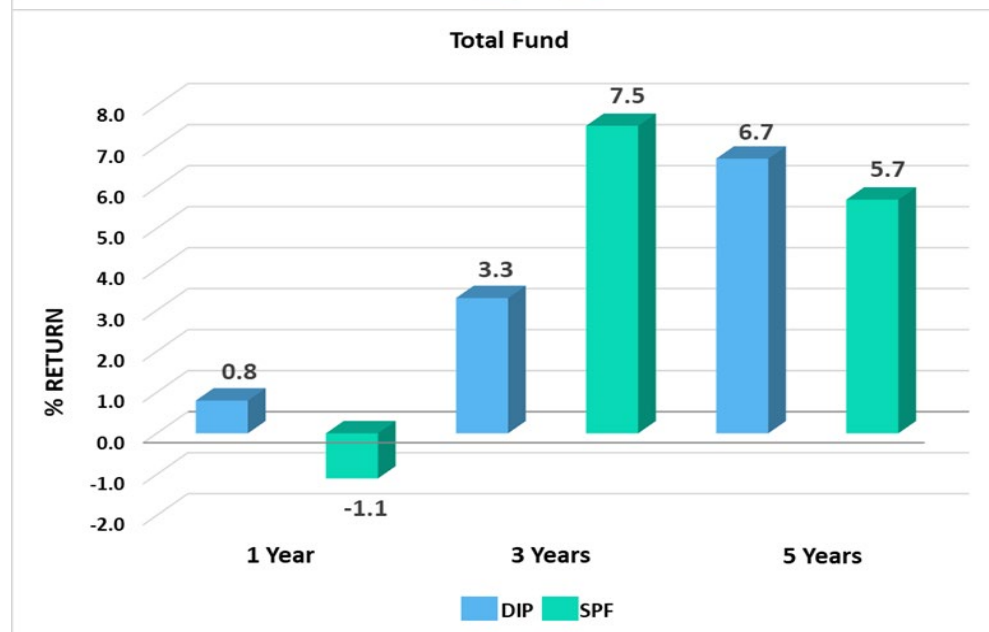
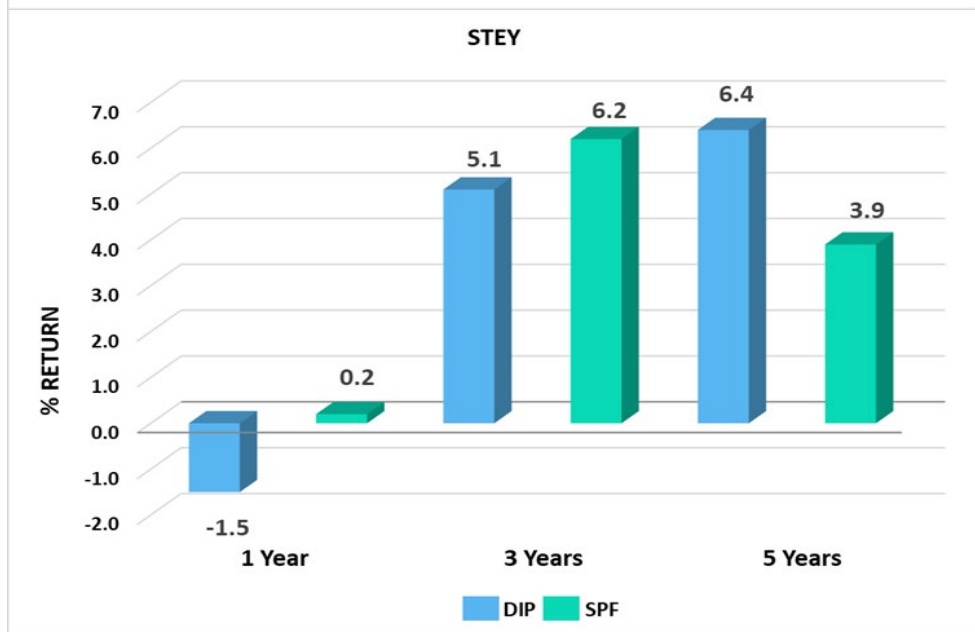
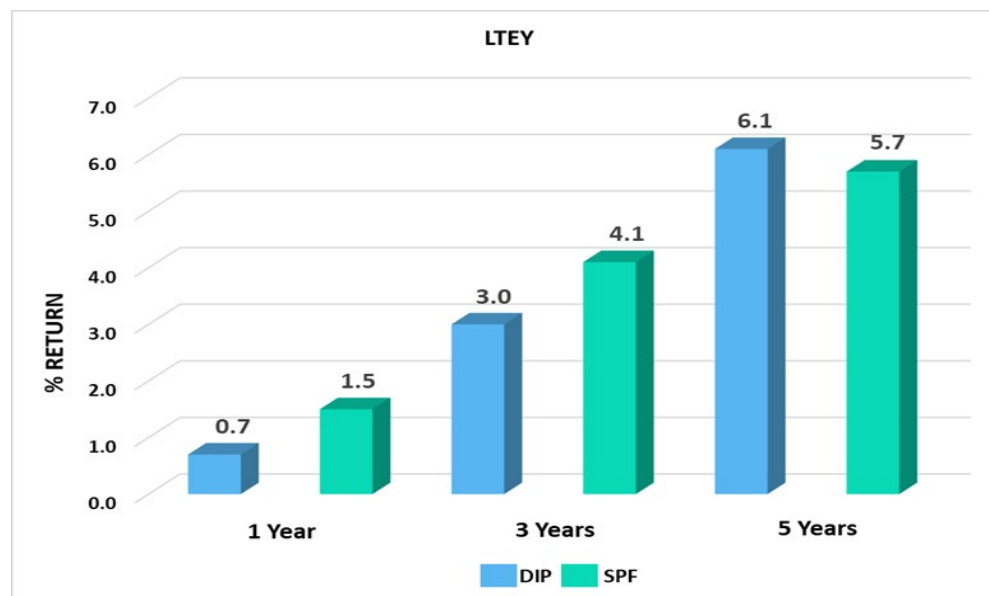
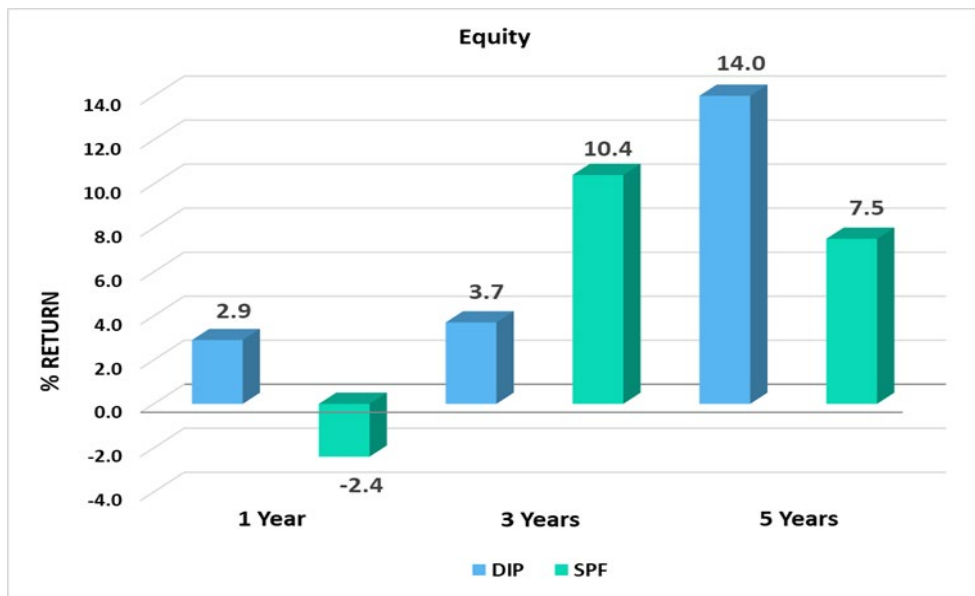


Portfolio snapshot 2026





Investment Performance



Impact and ESG 2025/26



Impact

Risk and return are the primary considerations of DIP's investments but since the portfolio's inception in 2009, local and ESG impacts have been important secondary considerations.

DIP has a formal secondary objective to add value through investments with positive local, economic or ESG benefit. In 2021 the portfolio further emphasised the importance of impact with the change of name to the Direct Impact Portfolio.

Through DIP, Strathclyde Pension Fund is investing in the industries and companies that will deliver the climate solutions required to achieve the Paris Agreement's overall goal of global net zero emissions by 2050.

The Direct Impact Portfolio measures impact across all its investments and can demonstrate:

- Greenhouse gas emissions avoided & carbon offsets in its **Infrastructure** and **Renewable Energy** funds;
- a reduction in carbon emissions through development and energy efficiency in its **Property** investments and;
- Delivery of strong Environmental, Social and Governance practices across its **Credit**, **Venture**, and **Growth Capital** funds.

Figures for 2025 are set out in the table opposite.

The underlying data in the Impact table is obtained from DIP managers and reflects DIP's weighted stakes in the assets. The conversion factors used by SPF to calculate offset figures are sourced from Ofgem and official UK Government websites.

Measurable Impact in 2025 includes:

Impact	2025
Environmental	
- CO2e (tons) emissions avoided p.a.	158,742
- Homes powered p.a.	331,931
- Average sized cars removed from the roads p.a.	140,899
Social (DIP Funds' stakes / UK assets)	
- Infrastructure	766 assets
- Renewable Energy	179 assets
Governance	
- PRI Signatories	29(36)
Local (Scottish Investments – DIP Funds' stakes)	
- 100 Schools	£203m
- 14 Hospitals	£120m
- 1,191 Affordable Housing units	£224m
- 346 Build to Rent units	£97m
- 33 SME's	£86m
- 23 Venture /Growth companies	£120m

Responsible Investment

Signatory of:



SPF Policy

SPF is a signatory to the [United Nations Principles for Responsible Investment](#) (PRI) and has adopted the principles as its responsible investment policy.

The text of the principles is as follows:

As institutional investors, we have a duty to act in the best long-term interests of our beneficiaries. In this fiduciary role, we believe that environmental, social, and corporate governance (ESG) issues can affect the performance of investment portfolios (to varying degrees across companies, sectors, regions, asset classes and through time). We also recognise that applying these Principles may better align investors with the broader objectives of society. Therefore, where consistent with our fiduciary responsibilities, we commit to the following:

1. We will incorporate ESG issues into investment analysis and decision-making processes.
2. We will be active owners and incorporate ESG issues into our ownership policies and practices.
3. We will seek appropriate disclosure on ESG issues by the entities in which we invest.
4. We will promote acceptance and implementation of the Principles within the investment industry.
5. We will work together to enhance our effectiveness in implementing the Principles.
6. We will each report on our activities and progress towards implementing Principles.

SPF Approach

Responsible Investment activity is carried out by:

Investment Managers

The Fund's investment managers 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.

Sustainalytics

Sustainalytics, a specialist responsible investment engagement overlay provider.

Collaboration

SPF itself through direct engagement, and collaboration with other investors including the Local Authority Pension Fund Forum (LAPFF), ShareAction, Institutional Investor Group on Climate Change (IIGCC), Climate Action 100+ and other ad-hoc alliances.

Voting

SPF ensures that the votes attaching to its holdings in all quoted companies are exercised whenever practical. The Fund's voting policy is exercised by its investment managers in accordance with their own corporate governance policies, and taking account of current best practices including the UK Corporate Governance and Stewardship Codes. SPF occasionally votes shares directly, usually in support of shareholder motions.

Most resolutions involve routine matters of business and the expectation would be for managers to vote for the majority of proposals. SPF operates a securities lending program. Where shares are out on loan at the time of the company meeting, proxies are not lodged.

SPF Voting Snapshots

Over 17,000
meetings

Over 165,000
resolutions voted

5%
Against Votes
in the UK

1,000+
Votes related to
Climate Change

24%
Against Votes
internationally

Case Study – South32 Ltd

Legal & General voted against Australian metals & mining company **South32 Ltd.**'s proposal for its Climate Change Action Plan 2025. The plan fell short of Legal & General's published expectations for a robust and credible decarbonisation strategy under its mining assessment framework. In particular, it lacked clearer quantification of the requirements to deliver emissions reduction targets, and evidence that the company's decarbonisation strategy is aligned with those targets (the resolution to approve the Climate Transition Action Plan was defeated by 58%).

Case Study – Microsoft Inc.

Veritas voted in support of a shareholder proposal requesting that **Microsoft Inc.** report on its Human Rights Risk Assessment. Veritas noted the recent controversy regarding the alleged misuse of Microsoft's Azure technology which was identified following external reporting and public scrutiny. This raises questions about the effectiveness of the company's human rights due diligence (HRDD) processes and exposes the company to potential legal, reputational, operational and financial risks.

Case Study – Meta Platforms Inc.

Baillie Gifford supported a shareholder resolution requesting a report on child safety and harm reduction at **Meta Platforms Inc.** This topic is material for the company and good progress is being made (resolution supported by 13%). Also at Meta Platforms, Baillie Gifford supported the shareholder resolution regarding climate transition plans as they believe that additional disclosure on Meta's data centre energy strategy is beneficial to assess both climate risks and the long-term competitiveness of its AI ambitions (resolution supported by 3%).

Full disclosure of [voting activity](#) is provided quarterly on the SPF website. This includes both the total number of company meetings and details of individual companies.



Morningstar Sustainalytics

The Fund’s external investment managers are assisted by responsible investment specialist, Morningstar Sustainalytics, who co-ordinate engagement efforts and provide detailed research to focus collaborative effort. In 2025, Morningstar Sustainalytics engaged on **112** cases associated with violations of international norms and conventions. They resolved **12** cases and opened **13** new cases. **115** meetings were held with companies relating to these cases, including **7** in person meetings. In total, Morningstar Sustainalytics was in contact with companies **1,191** times through emails, conference calls and meetings.



Morningstar Sustainalytics 2025-2026 Engagement Themes

Labour Rights

Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; the elimination of all forms of forced and compulsory labour; the effective abolition of child labour; and the elimination of discrimination in respect of employment and occupation.

Environment

Businesses should support a precautionary approach to environmental challenges; undertake initiatives to promote greater environmental responsibility; and encourage the development and diffusion of environmentally friendly technologies.

Human Rights

Businesses should support and respect the protection of internationally proclaimed human rights; and make sure that they are not complicit in human rights abuses.

Business Ethics

Businesses should work against all forms of corruption, including extortion and bribery. This norm is extended to additional topics not within UNGC scope such as taxation or antitrust issues.

Engagement by Theme



Morningstar Sustainalytics engagement highlights in 2025

Morningstar Sustainalytics company engagement in 2025 included: US based multinational technology conglomerate **Alphabet Inc.** regarding anti-competitive practices; US based multinational technology conglomerate **Freeport-McMoRan Inc.** regarding a range of identified risks including, Materiality and ESG Governance, Community Relations, Emissions, Effluents and Waste and Carbon; Hong Kong based life insurance Company **AIA Group** about increasing risks from climate change driven natural catastrophes.; UK based **Currys Plc.** on resource consumption and e-waste; global oil and gas company, **Shell Plc.** to clarify its decarbonization strategy and address investor concerns.

Morningstar Sustainalytics Thematic Engagement services allow investors to align their interests in addressing specific issues with their engagement activities. SPF is a subscriber and active supporter of the following Sustainalytics thematics; Biodiversity and Natural Capital, Net Zero Transition, Sustainability and Good Governance, Human Capital Management, Scaling Circular Economies and Human Rights and Transition. The thematic engagements seek to directly contribute to the 17 UN Sustainable Development Goals (SDGs). Details of the engagements are available at: [Engagement](#)

Responsible Investment Highlights in 2025

PRI

The Fund submitted its annual PRI signatory assessment in September 2025. Information was submitted for 4 assessment areas or ‘modules’ which can receive possible star scores from 1 star (lowest) to 5 stars (highest). The Fund scored 5 stars for 2 of the modules assessed, and 4 stars for the remaining 2 modules. A [Public Transparency Report](#) for the assessment is available on the PRI website.

UK Stewardship Code

The Fund submitted its fourth annual [Stewardship Report](#) to the Financial Reporting Council (FRC) and was confirmed as a signatory to the [UK Stewardship Code](#). The Fund also encourages its external investment managers and service providers to demonstrate their commitment to effective stewardship by complying with the UK Stewardship Code. The full list of [signatories](#) to the Code is available on the FRC website.

Climate Transition Plan

The Fund published a Climate Action Plan 2023-2026 in March 2023. The Plan has a 3-yearly implementation and review cycle, consistent with SPF’s triennial cycle of planning and review. The updated Climate Transition Plan 2026-2029 was approved by SPF committee and published in March 2026. The [Climate Transition Plan](#) is available on the SPF website and is disclosed in Section 4 of this annual report.



SPF Collaborative Engagement

Acting collectively with other like-minded investors.



The PRI's Principles contribute to developing a more sustainable global financial system.



Collaborative body of 84 LGPS funds promoting high standards of corporate governance and corporate responsibility.



UK charity with a vision of an investment system that serves savers and communities and protects the environment.



Collaborative investor network that raises awareness of the material ESG risks and opportunities caused by intensive farming.



Collaborative platform to address long-term risks and opportunities associated with climate change.



An investor-led initiative to ensure the world's largest corporate greenhouse gas emitters take appropriate action on climate change.



An international organisation that helps companies and public authorities disclose their environmental impact.



A climate action organisation that enables companies and financial institutions to set ambitious, science based emissions reductions targets.

Case Study – FAIRR

The Fund co-signed investor letters in support of the **Farm Animal Investment Risk and Return Initiative (FAIRR) Seafood Traceability Engagement**. The engagement is supported by 43 investors with US \$7.7 trillion in combined assets and delivered in partnership with **World Wildlife Fund (WWF-US), Planet Tracker, the World Benchmarking Alliance (WBA) and UNEP FI's Sustainable Blue Economy Finance Initiative**. The letters asked for a range of disclosures to help investors better understand the companies' plans and activities and how we might work together to identify further opportunities to strengthen the traceability and transparency for products and the supply chain.

Case Study - Net Zero

In support of the **Morningstar Sustainalytics Net Zero Transition Engagement Programme**, SPF wrote directly to selected portfolio companies including **Freeport-McMoRan, Linde plc and Alphabet**, as part of the Fund's escalation approach, where initial outreach had not yet resulted in an established dialogue with the company. The letters emphasised the importance of engaging on material governance and transition-related issues relevant to the company's business and requested a direct engagement call to support constructive dialogue. This activity demonstrates the asset owner willingness to support and escalate collaborative stewardship efforts through direct issuer outreach.

Case Study – ShareAction

SPF supported a **ShareAction Good Work Investor Coalition** statement reaffirming our collective commitment to advancing diversity, equity, and inclusion (DEI). Companies that embrace DEI align with rising societal expectations and position themselves as responsible, future-ready businesses. SPF also supported a **Good Work Investor Coalition** statement in support of **The International Sustainability Standards Board (ISSB)** summary findings on human capital. This reflects our collective view that workforce practices are a core component of long-term value and risk management. Through our stewardship activities, we are pushing for greater transparency on workforce issues.

6

Scheme Administration





Snapshot

297,922

Members

132

Employers

£948m

Pension payments in year

New SPF brand & visual identity rolled out to mark 50th Anniversary.

Live with the Pensions Dashboard Eco System

Launched new member self-service platform "ENGAGE"

100% Annual Benefits Statements including McCloud information issued by 31st August

115,053

Members logged into SPFOonline during the year

8,172

Weekly visits to the website

44,375

Telephone calls

69,761

Emails & online queries received

THE LOCAL GOVERNMENT PENSION SCHEME (LGPS)

The LGPS is a statutory scheme established under primary legislation – the Superannuation Act 1972 and Public Service Pensions Act 2013. The scheme rules take the form of a series of regulations – the Local Government Pension Scheme (Scotland) Regulations. The regulations are Scottish Statutory Instruments (SSIs).

The scheme benefits are set out in the Local Government Pension Scheme (Scotland) Regulations 2018.

How the Service is Delivered

Strathclyde Pension Fund Office (SPFO)

Glasgow City Council is the administering authority for the Local Government Pension Scheme (LGPS) in the west of Scotland. To fulfil this role the Council has established and maintains the Strathclyde Pension Fund (SPF).

Administration of LGPS benefits for members of the Fund is carried out by the Strathclyde Pension Fund Office (SPFO).

SPFO:

- is a division of Glasgow City Council's Financial Services Department; and
- administers the scheme on behalf of 132 employers and over 297,000 members.

Scheme Benefits

The Local Government Pension Scheme is a defined benefit scheme.

From 1st April 2015 benefits are accrued at a rate of 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.

A full description of the scheme benefits can be found in the [Members](#) area of the [SPFO website](#) or on the [LGPS website](#) at www.scotlgpsregs.org

The following table provides a summary.



Scheme Benefits Summary

Membership up to 31 March 2009	Membership from 1 April 2009 to 31 March 2015	Membership from 1 April 2015
Annual Pension = (Service years/days x Final Pay) / 80	Annual Pension = (Service years/days x Final Pay) / 60	Annual Pension = Pensionable pay each year /49 (half that if in 50/50 section)
+	+	+
Automatic tax-free cash lump sum = 3 x Annual Pension	No automatic tax-free cash lump sum but can convert pension.	No automatic tax-free cash lump sum but can convert pension.
+	+	+

- Annual revaluation and pensions increase in line with CPI inflation
- Partners' and dependents' pensions
- Ill health protection
- Death in service protection

All benefits are paid in accordance with the Local Government Pension Scheme regulations.

How the Service is Delivered

Administration Strategy

SPFO introduced its first Pension Administration Strategy (PAS) in March 2010. The PAS is reviewed regularly – usually every 3 years. The Strathclyde Pension Fund Committee agreed a revised strategy in March 2026. The revised strategy comes into force on 1st April 2026.

The strategy sets out the procedures and performance standards required of both SPFO and its employers to ensure the efficient and effective administration of the pension scheme.

Aims and Objectives

The strategy aims 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 Local Government Pension Scheme (LGPS) regulations, other related legislation and The Pensions Regulator's Code of Practice.

Achieving the Objectives

There are five key elements necessary to achieving the PAS objectives:

- clear roles and responsibilities;
- performance and service standards;
- good member data;
- engagement and communication; and



- appropriate resource.

The strategic approach to each of these is described in the strategy.

The [Pension Administration Strategy](#) is published on the SPFO website.

SPFO RESOURCE

Delivery of the PAS objectives requires both employers and SPFO to resource their operations with adequate numbers of staff with suitable knowledge and skills. SPFO resource is reviewed annually in the Business Plan which is approved by the SPF committee. The table below provides details of administration staff resource. In addition to the administration staff there is a Director and 10 Investment staff. The administration staff are split into six service areas each responsible for their own functions.

Resources	2025/26
Total number of all administration staff	88 <i>(83.5 FTE)</i>
Average service length of all administration staff	14.06
Staff vacancy rate as %	0
Ratio of administration staff to total number of scheme members (all staff including management)	1:3,385
Ratio of administration staff (excluding management) to total number of scheme members	1:3,424

Pre-Retirement

Updates for new members and status changes

Calculation and processing of a range of provisional benefits

Calculation and processing of a range of transactions in and out of the Fund

Post-Retirement

Calculating and processing actual retirement benefits

Calculations of all death benefits

Recalculations

Finance

Payments in: monthly employee and employer contributions, transfers

Payments out: lump sums, transfers, refunds and monthly pension payroll

Compliance

Systems maintenance & security

Business continuity

Information & regulatory compliance

Data protection

Audit

Procurement/contracts

Health and safety

Digital Communications

Call handling and switchboard

Email, SPFO inboxes, pulse

Mail sorting, scanning & issue

Development of SPFO online & website

Design of all publications

Member, employer, and staff communications

Employer and Data Management

Monitoring, reconciliation, and reporting of i-Connect

Employer management

Data quality – maintaining member data base

Admissions and cessations

Actuarial valuations

Systems

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 on version 26.1. Within Altair, SPFO has implemented Task Management, Workflow, Performance Measurement and Insights modules. These form the core of process planning, management, 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 internet-based Member Self Service functionality together with i-Connect, a secure portal which allows employers to send data submissions direct to SPFO and to upload documents for processing. Ongoing use, continuous development, and increasing member engagement in these areas are key aspects of the SPFO administration strategy and data improvement plan. For other finance functions, SPFO uses the Council's SAP-based systems. All staff have laptops which provide remote network and systems access. This facilitates hybrid working and flexibility and resilience of working arrangements.

Hybrid working

Hybrid working arrangements are in place and will continue for the foreseeable future. The current arrangement is service delivery through a combination of staff being in the office at least 2 days a week and working from home the remaining days.

Developments During 2025/26

Priorities in the SPF 2025/26 business plan included:

Pensions Dashboard – During April/May the testing phase to ensure data readiness and technical compliance was completed. The system software version update was also completed. Connection with the Dashboard ecosystem was achieved and completed ahead of the statutory deadline for LGPS which was the end of October 2025. Preparation and planning for public access go-live after October 2026 will be completed during 2026/27. This will include agreeing matching criteria, protocols and response processes.

McCloud Remediation – Final stage of the McCloud Remedy. During 2025/26 content of annual benefit statements was reviewed and updated to include McCloud underpin information ahead of issue at the end of August 2025. Payment revisions for current pensioners were completed, but some “other” (non-pensioner) payment revisions are still outstanding and will be complete during 2026/27.

Pensions Administration Strategy (PAS) – During 2025/26 the triennial review was carried out. The PAS was reviewed, re-drafted and approved for consultation at November’s SPF Committee meeting. A statutory consultation with employers followed. The final PAS was approved for publication at the March SPF Committee meeting, with an effective date of 1st April 2026.

ICT Arrangements – In June 2025 the SPF Committee agreed a detailed proposal to migrate the Altair pensions system to a cloud-based solution hosted by Heywood. The migration project commenced in January 2026 and will continue during 2026/27.

Performance

SPFO Performance Information

The [pension administration strategy](#) sets out the statutory responsibilities of SPFO.

Service standards and Key Performance Indicators (KPIs) for SPFO are set each year in the business plan which is approved by Strathclyde Pension Fund Committee. The KPI definitions are also set out within the business plan.

Administration performance is reported regularly to the Pension Board and to the Strathclyde Pension Fund Committee. All committee reports are published in the [Governance](#) area of the SPFO website.

SPFO has many performance indicators across all aspects of its work. The information shown here follows new guidance issued by LGPS Scheme Advisory Board (SAB) for England & Wales, and has been adopted by the Scottish LGPS SAB. SPFO collects most of the necessary information in the required format. However, some information is not available, generally because SPFO has previously chosen to collect other information instead or report it in a different format. Notes have been added where this is the case.

Measuring casework – volumes

Pensions administration is carried out on the Altair pensions system. Turnaround performance is efficiently monitored through a workflow management system called Task Management. The table below shows some of the casework types SPFO measures, and some statistics about how many cases were processed in the year.



Casework Type	Total cases open at 31/03/2026	Total new cases created in the year	Total cases completed in the year	Total % cases completed in the year	Total cases completed in previous year	Total % cases completed in previous year
Deaths	564	3,326	3,413	84.3%	3,767	81.3%
New dependents	5	1,255	1,259	99.7%	1,328	99.0%
Deferred retirements	2	2,737	2,253	90.1%	2,101	91.8%
Active retirements	486	4,293	3,694	87.3%	4,074	86.6%
Deferred Benefits	2,604	8,132	7,916	76.1%	5,536	72.6%
Transfers in	14	168	152	93.3%	184	89.8%
Transfers out	21	319	272	92.5%	374	99.4%
Refunds	4	2,172	2,152	99.7%	1,944	99.6%
Divorce quotations	33	242	172	83.9%	225	80.9%
Actual divorce cases	4	37	22	81.5%	15	83.3%
Estimates	95	2,113	1,991	95.1%	2,007	92.2%
New joiner notifications	17,853	17,853	0	100%	14,528	100%
Aggregation cases					SPFO is unable to provide this data	
Optants out (> 3 months)					SPFO is unable to provide this data	

Measuring casework – performance

SPFO uses workflow software to measure the time taken to process casework. Each process has a set number of target days for completion.

The table below shows key processes measured against set target days.

Casework Type	Fund target (working days)	% completed on target in the year	% completed in target in the previous year
Communication issued with acknowledgement of a death	5	68%	n/a
Communication issued confirming amount of dependents pension	SPFO is unable to provide this data		
Communication issued to deferred member with benefit options (quotation)	Member driven online process*		
Communication issued with deferred benefit options	**	88%	65%
Communication issued with completion of transfer in	7	41%	42%
Communication issued with completion of transfer out	12	39%	46%
Payment of refund	10	98%	99%
Divorce quotation	25	38%	58%
Communication issued with completion of divorce proceedings (application of Pension Sharing Order)	40	50%	60%
Communications issued to new starters	15	100%	100%
Estimates	20	79%	62%

* Active and deferred members can create their own quotes by accessing their SPFOonline account.

** For deferred retirements the target is to ensure payment on the next available pension payroll date allowing members to maintain continuity of income.

Implementing the McCloud Remedy has had an impact on performance, and this is apparent in some of the statistics above.

Payment of Pensions

The single most important critical function of SPFO is to ensure that the monthly pensions payroll runs on its due date. This was achieved each month in 2025/26 without incident or delay.

Retirement and Contributions

The following table shows retirement transactions paid including lump sums, and contribution income received on due date.

For retirements the target is to ensure payment on the next available pension payroll date allowing members to maintain continuity of income.

For lump sums the aim is to pay on the retirement date. These targets are measured on this basis.

For contribution income, employers are required to pay contributions to SPF by the 19th of the month after they are deducted.

Process	Target %	2025/26 Actual	2024/25 Actual
Pensions payroll run on due date	100%	100%	100%
New retirals processed for due payroll date	95%	98%	93%
Lump sums paid on retirement date	95%	95%	88%
Deferred retirals processed for due date	95%	88%	94%
Deferred lump sums paid on retirement date	95%	100%	100%
Contributions income received on due date	100%	98%	98%

Member Data

Employer i-Connect Submissions

All employers are required to submit regular electronic data returns via i-Connect no later than the 19th of the month following the reporting period. SPFO monitors receipt of these submissions.

The table below summarises the submissions received by due date during 2025/26.

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

Data Quality

The Pensions Regulator (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 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.

TPR Tests Passed				
Data Type	SPFO target 2025/26	SPFO actual 2025/26	SPFO target 2024/25	SPFO actual 2024/25
Common data	98.3	97.3	98.3	97.3
Scheme-specific data	97.6	97.4	97.6	97.2

The only area of significant weakness is in the address field. This relates to a cohort of historic deferred members for whom SPFO has either never held an address or with whom contact has been lost.

Altair Insights allows SPFO to monitor data quality scores in real time.

Reporting to the Pensions Regulator

All breaches of the regulations which are identified are logged within SPFO. Any breaches which might be of material significance to The Pension Regulator (TPR) require to be reported. No breaches were identified as being sufficiently material to require reporting to TPR by SPF during 2025/26.

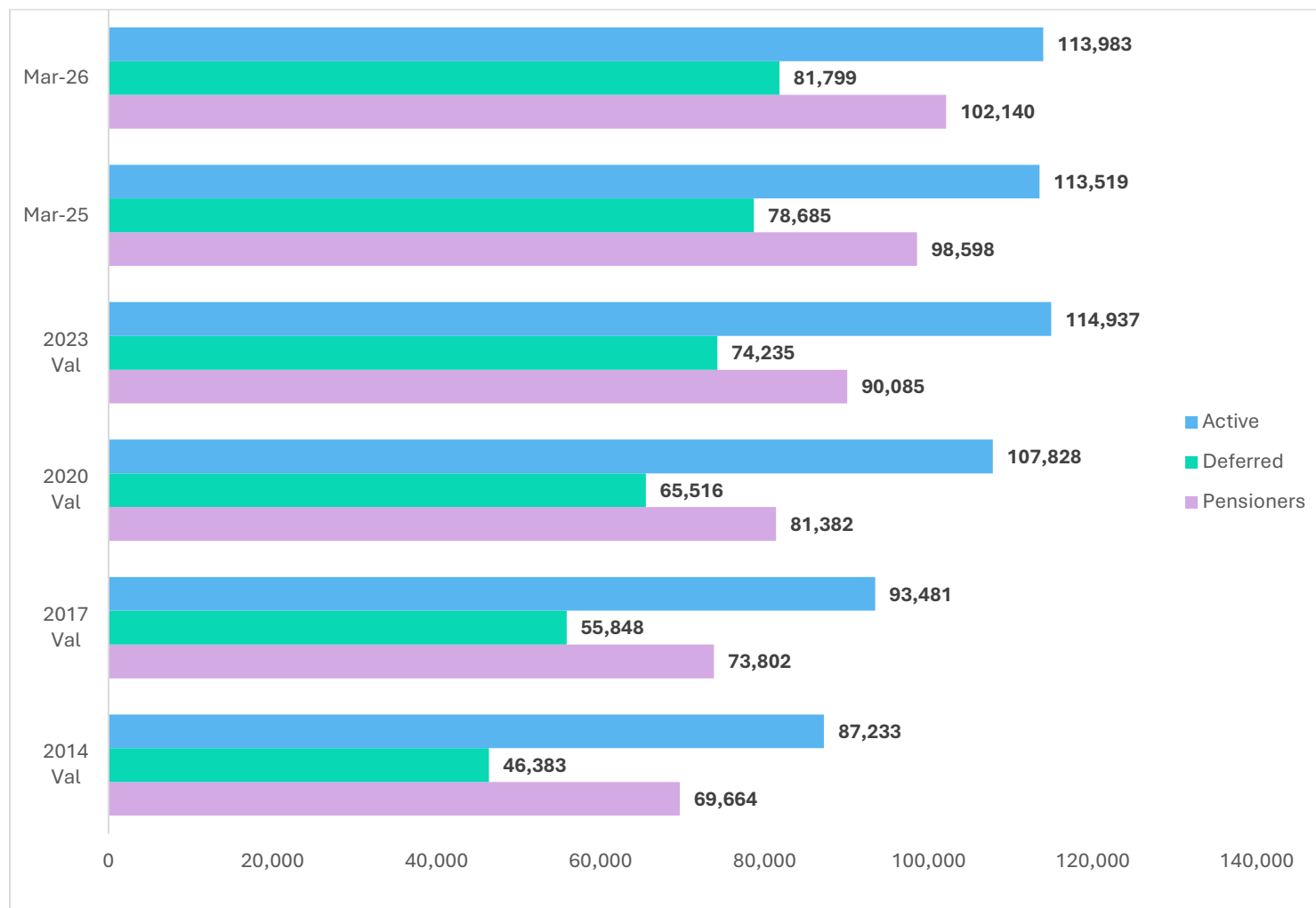
Scheme Employers are also reporters under GCoP. Towards the end of the year, one employer (on behalf of itself and another associated employer) advised SPF that it had reported a breach of the regulations to TPR. The breach related to certain payments which the employers had been making to employees 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. SPF is working with the employers and with two other Scottish LGPS Scheme Managers, to remedy the situation, though this will take many months to resolve.

Shortly after the year end a joint report was submitted to TPR by SPF and the other 2 Scheme Managers.

Fund Members and Participating Employers

Membership Analysis

The chart below shows movement in membership numbers over the last year and since the 2014 actuarial valuation of the Fund. Total membership as at 31st March 2026 was **297,922**.



All categories of membership increased steadily between the 2014 and 2023 actuarial valuations. Since then, the trend appears to have changed: active membership has reduced and remains below the level at the 2023 valuation - in spite of some major employers having an automatic enrolment re-enrolment date during the last year; deferred and pensioner membership have continued to grow, as has total membership which increased by 7,120 in the current year. In terms of active membership, the future trend is uncertain.

Fund Employers

The rules for employer participation in the LGPS are set out in Schedule 2 of the scheme regulations. There are two main types of employer:

- Schedule 2, part 1 employers are known as scheduled bodies. They have an automatic right to participate in the LGPS and must offer the LGPS to all qualifying staff. Scheduled bodies include the local authorities, FE colleges, and Scottish Police, Fire, and Water services; and
- Schedule 2, part 2 employers are known as admission (or admitted) bodies. Admission bodies are able to participate in the scheme through a written agreement known as the Admission Agreement.

A summary of the number of employers with current contributors in SPF analysed by these categories is set out below.

Employers	2021/22	2022/23	2023/24	2024/25	2025/26
Scheduled	28	28	28	28	28
Admitted	131	124	118	113	104
Total	159	152	146	141	132

The number of employers contributing to SPF has been reducing for many years. The trend has been driven by a number of factors. Some employers have reached the natural end of their participation as a result of the expiry of a service contract or retirement of their last member. More recently, employers have taken advantage of the improving funding level to exit the scheme in favour of alternative pension arrangements at little or no cost, and latterly in receipt of an exit credit. This trend has now extended to some larger employers and employers who were not previously looking to exit.

Notes 1 and 8 to the Financial Statements include a list of scheduled bodies and a breakdown of income and payments across, scheduled bodies, admitted bodies and the administering authority. Contribution rates for all employers are shown in the [report on the most recent actuarial valuation](#).

In addition to contributing employers, SPF has a number of employers who have no current contributors but who have members with benefits on hold and/or pensioner members. These are sometimes referred to as retained liabilities. Output from the 2023 actuarial valuation shows that there were 161 of these employers. Total liabilities for this group amount to only around 1% of SPF total liabilities.

A list of all contributing employers is set out below.

Employer List

A

AMEY BPO Services Ltd (Renfrewshire Schools PPP)

Argyll & Bute Council

Argyll College

Argyll Community Housing Association Ltd

Auchenback Active Ltd **(E)**

Ayr Housing Aid Centre

Ayrshire College

Ayrshire Housing

Ayrshire Valuation Joint Board

B

BAM Construct UK Ltd (East Renfrewshire)

BAM Construct UK Ltd (West Dunbartonshire)

Business Loans Scotland **(E)**

Bridgeton Calton and Dalmarnock Credit Union

C

Cassiltoun Housing Association

CGI UK Ltd

City Building (Contracts) LLP

City Building (Glasgow) LLP

City of Glasgow College

City Property (Glasgow) LLP

Clyde Gateway Urban Regeneration Company

Coalition for Racial Equality And Rights

Coatbridge Citizens Advice Bureau

College Development Network

Community Central Hall

CORA Foundation

Creative Scotland

D

Dunbartonshire & Argyll & Bute Valuation Joint Board

E

East Ayrshire Council

East Ayrshire Leisure Trust

East Dunbartonshire Council

East Dunbartonshire Leisure and Culture Trust

East Renfrewshire Council

East Renfrewshire Culture & Leisure Trust

Easterhouse Citizens Advice Bureau

Enable Glasgow **(E)**

Engage Renfrewshire

Equans

F

Forth & Oban Ltd

G

General Teaching Council for Scotland

Glasgow Association for Mental Health

Glasgow Caledonian University

Glasgow City Council

Glasgow City Heritage Trust

Glasgow Clyde College

Glasgow Colleges Regional Board **(E)**

Glasgow Credit Union

Glasgow Film Theatre

Glasgow Kelvin College

Glasgow Life

Glasgow School of Art

Glasgow West Housing Agency

Glasgow Women's Aid

Good Shepherd Centre

Govan Home and Education Link Project

Govan Law Centre

Govanhill Housing Association

H

H.E.L.P. (Argyll & Bute) Ltd

Hemat Gryffe Women's

Hochtief PPP Solutions GmbH

I

Inverclyde Council

Inverclyde Leisure

ISS UK

J

Jobs and Business Glasgow

Jordanhill School

K

Kibble School

Kings Theatre Glasgow Ltd

L

Lanarkshire Association for Mental Health

Lanarkshire Housing Association Ltd

Lanarkshire Valuation Joint Board

Live Argyll

Loch Lomond & The Trossachs National Park Authority

M

Maryhill Housing Association

Milnbank Housing Association

Mitie PFI Ltd (Argyll & Bute Education PPP)

Mitie PFI Ltd (East Ayrshire Education PPP)

Mitie PFI Ltd (North Ayrshire Education PPP)

Mitie PFI Ltd (South Ayrshire Education PPP) **(E)**

N

New College Lanarkshire

New Gorbals Housing Association

North Ayrshire Council

North Ayrshire Leisure Ltd

North Glasgow Housing Association

North Lanarkshire Carers Together

North Lanarkshire Council

North Lanarkshire Properties

O

OCS Integrated Solutions

P

Parkhead Housing Association Ltd

Potential Living

Q

Queens Cross Housing Association

R

RCA Trust

Regen: FX Youth Trust

Reidvale Adventure Playground

Renfrewshire Carers Centre **(E)**

Renfrewshire Council

Renfrewshire Leisure Ltd

Renfrewshire Valuation Joint Board

River Clyde Homes **(E)**

Routes to Work Limited

Royal Conservatoire of Scotland

S

SACRO

Scottish Canals

Scottish Fire & Rescue Service

Scottish Library & Information Council

Scottish Out Of School Care Network

Scottish Police Authority

Scottish Qualifications Authority

Scottish Water

Scottish Water Business Stream Ltd

SEEMIS Group LLP

Shettleston Housing Association

Skills Development Scotland Ltd

Sodexo Ltd (Argyll & Bute) **(E)**

Sodexo Ltd (Fire)

South Ayrshire Council

South Ayrshire Energy Agency

South Lanarkshire College

South Lanarkshire Council

South Lanarkshire Leisure & Culture Limited

Southside Housing Association **(E)**

Sport Scotland

St Mary's Kenmure

St Philip's School

Strathclyde Partnership for Transport

Strathclyde Wing Hong Chinese Elderly Group

Supreme Linguistic Services **(N)**

T

The Financial Fitness Resource Team

The Milton Kids D.A.S.H. Club

The Scottish Centre for Children with Motor Impairments

Tollcross Housing Association

U

University of Aberdeen (ex Northern College)

University of Dundee (ex Northern College)

University of Edinburgh (ex Moray House)

University of Glasgow (ex St. Andrew's College)

University of Glasgow (ex SCRE employees only)

University of Strathclyde **(E)**

University of Strathclyde Students Association

University of The West of Scotland

UTHEO Limited

W

West College Scotland

West Dunbartonshire Council

West Dunbartonshire Leisure Trust

Wheatley Homes Glasgow Ltd. (formerly GHA)

New And Exiting Employers

New employers may participate in the Fund subject to satisfying the requirements of the Local Government Pension Scheme Regulations and the Fund's policy on admissions.

The process for an exiting employer is set out in the regulations which require the Fund actuary to carry out a valuation of that employer's assets and liabilities at the exit date. The calculation is carried out on a discontinuance basis rather than the ongoing basis. This results in either an exit payment being due from the employer or an exit credit payable to the employer (subject to determination by the administering authority).

SPF encourage employers to advise of any planned admission or exit at an early stage so that the process can be efficiently managed/

Employer participation during 2025/26 is summarised in the following table.

Total employers as at 1st April 2025	141
New employers (N)	1
Exiting employers (E)	10
Total employers as at 1st April 2026	132



Dispute Resolution

Resolving a problem

If someone wants to question a decision or query membership or benefits held by SPFO they should get in touch. SPFO will then investigate their query and do its best to resolve any problems or correct any errors.

If someone disagrees with a decision that either SPFO or their employer has made then they have the right to appeal under the 2-stage LGPS Internal Dispute Resolution Procedure (IDRP). All stage two appeals will be heard by Scottish Government. If the member remains dis-satisfied they have the right to refer the complaint to the Pensions Ombudsman.

More information on the [IDRP procedure](#) is available on the SPFO website.

Complaints and disputes received during 2025/26

Complaints

All service delivery complaints are actioned in accordance with Glasgow City Council Complaints Handling procedure. All complaints are recorded using Lagan, the Council's system for complaint monitoring and recording.

Stage 1 complaints must be answered within **5** working days. Members can proceed to stage 2 if not satisfied with the response.

Stage 2 complaints must be answered within **20** working days. The Pension Scheme Manager responds to these. An acknowledgement letter must be issued within **3** days.

The table below shows a summary of formal complaints over the last 12 months.

Category	Volume	Days to Respond		Achieved (%)
		Target	Actual (Average)	
Processing Delay	9	5	3	78
Processing Delay (Stage 2)	1	20	10	100
Procedure	1	5	5	100
Waiting Times (Correspondence)	5	5	4	80
Quality of Information	4	5	2	100
Quality of Information (Stage 2)	3	20	7	100
Staff Efficiency/Error	1	5	5	100
Staff Efficiency/Error (Stage 2)	1	20	7	100
Other	5	5	3	100
Other (Stage 2)	2	20	4.5	100

IDRP

Stage 1 IDRP cases received against the administering authority.

There were **4** cases in 2025/26 compared to 7 in 2024/25. Of the 4 cases considered by the appointed person in 2025/26, **2** were dismissed and **2** are still ongoing.

The reasons for the disputes can be categorised as follows:

Stage 1 IDRP against the administering authority

Category	2024/25	2025/26
Death grant decision	1	3
Survivor pension	3	1
Pension value	0	0
Transfer	1	0
Ill health	1	0
Retirement dispute	1	0

Stage 1 IDRPs cases received against the employing authority.

SPFO can only report on the cases received directly by it.

There were **58** cases in 2025/26 compared to 53 in 2024/25. Of the 58 cases considered by the appointed person in 2025/26, **13** were upheld, **24** dismissed and **21** are still ongoing.

The reasons for the disputes can be categorised as follows:

Stage 1 IDRPs against the employing authority

Category	2024/25	2025/26
Refused Ill health	41	45
Flexible retirement	11	11
Pension value	0	1
Transfer	0	0
Membership	1	0
Scheme enrolment	0	1

Pensions Ombudsman

SPFO understands that the Pension Ombudsman has received **2** new cases during 2025/26 relating to a dispute previously considered by SPF. Both are ongoing. There were equal cases received in 2025/26 to the previous year. In the previous year one case was upheld and the other is still ongoing.

The reasons for the disputes can be categorised as follows:

Pensions Ombudsman Cases

Category	2024/25	2025/26
Transfer out with 12 months of NPA	1	0
SPF failed to perform governance role	1	0
Tax query on lump sum	0	1
Death grant decision	0	1

Communications

Communications Policy

The Communications policy was reviewed and a revised policy adopted with effect from 1st April 2024.

1. Introduction

Glasgow City Council is the administering authority for the Strathclyde Pension Fund (SPF). The council delegates this responsibility to the Strathclyde Pension Fund Committee. The council and the committee recognise that they have fiduciary duties and responsibilities towards pension scheme members and participating employers that are analogous to those holding the office of trustee in the private sector. In carrying out those duties the committee adopts the following approach to communications.

2. Regulations


Management of the Fund is carried out in accordance with relevant governing legislation and regulations. This policy statement is prepared in accordance with regulation 59 of the Local Government Pension Scheme (Scotland) Regulations 2018.

3. Vision

Everyone with any interest in the Fund should have ready access to all the information they need.

4. Objectives

- To improve understanding of the scheme and the Fund.
- To promote the benefits of the scheme.
- To allow members to make informed decisions.



Everyone with any interest in the Fund should have ready access to all the information they need.



5. Principles

5.1 Format

SPF communications will:

- Have a clear purpose.
- Have a clear message.
- Be well written and presented.
- Make an impact.

5.2 Brand

The Strathclyde Pension Fund is a strong brand with which members and others identify. SPF will protect and promote it.

5.3 Content

Content will be relevant and timely.

5.4 Delivery

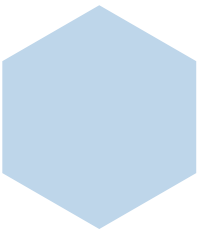
Strathclyde Pension Fund Office (SPFO):

- Will use the most efficient and effective delivery media.
- Will make communications available in alternative formats or in translation in request.
- Is committed to increasing digital access and delivery.

5.5 Measuring Success

SPFO will:

- Measure, monitor and report on its communications programme.
- Encourage engagement, comment and feedback.



Success will be measured in terms of customer engagement and satisfaction. Targets will be agreed in SPF's annual business plan.

Results will be reported annually.

6. Programme

SPFO's programme of communications is summarised in the following schedules which set out the stakeholder groups, key messages, media used, and deliverables.

Schedule

1. Active Members
2. Deferred Members
3. Pensioner Members
4. Representatives of Members
5. Prospective Members
6. Scheme Employers
7. Other Interested Parties

These schedules are not included here but are available in the full version of the [policy document](#) from the Publications area of the website at www.spfo.org.uk

Communications Performance

Digital Communications

Improving and increasing digital delivery of communications is an ongoing priority. Progress is summarised in the table below.

Category	Measure	2025/26 Actual	2025/26 Target	2024/25 Actual
www.spfo.org.uk	Total weekly visits	8,172	9,000	7,960
	Unique weekly visitors	1,464	5,000	2,157

Members	Total Members	Registered (%)		Target 2025/26	2024/25 Actual
Active	113,691	76,146	66.9	-	73,594
Deferred	81,698	29,269	35.8	-	26,051
Pensioner	101,579	51,768	51.0	-	47,477
Total	296,968	157,183	53.0	146,000	147,122

Members	Registered Members	Logged in during 2025 (%)		Target 2025/26	2024/25 Actual
Total	157,183	115,053	73.2	110,000	111,612

Average age of registered user – 54

Developments

Significant progress was made during 2025/26:

- An increase of **10,061** in members registered for the data portal *SPFonline*, took the total to **157,183**.
- An increase of **3,441** in members logging into the data portal *SPFonline*, took the total to **115,053** for the year.
- 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). To end March **32,308** members had migrated to the new platform. The roll out of the new platform will continue throughout 2026/27.
- May 2025 marked 50th anniversary of SPF's creation in 1975. A new SPF brand and visual identity were rolled out.
- A competition was launched to all registered members asking the question "*What does SPF mean to you?*" Over 6,600 responses were received. 75 members received a prize of £50. On the 18th September a combined AGM and "50 years & counting" event was held for employer and trade union representatives .

Member Communications

During scheme year 2025/26 SPFO:

- produced and issued annual newsletters for all Employee, Pensioner and Deferred members.
- produced and issued annual benefit statement for all employee members. 100% were issued by the 31st August statutory deadline.

Newsletters and annual updates are issued online/ by email wherever possible as summarised in the table below. (Information provided above for deferred members is for those members that are contactable.)

Annual Benefit Statements/ Newsletters 2025/26			
Issued by:	Active Members (%)	Deferred Members (%)	Pensioner Members (%)
SPF online / email	70	60	54
SPF online / letter	27	36	34
Hard Copy	3	4	12

Member Engagement

Engagement by SPFO with members during 2025/26 included:

- **44,375** telephone calls received
- **69,761** email and online channel queries received
- **84** member presentation events held
- SPFO issued active and deferred online members with a survey to capture feedback on their pension updates.

Results of customer surveys on member updates during 2025 are summarised in the satisfaction scores in the following table.

Member Status	Target (%)	2025/26 Score	
		Content (%)	Format (%)
Active	77	78.3	66.6
Deferred	72	58.1	48.8

SPFO also uses a rolling customer survey to measure members' satisfaction with the quality of service delivery. Scheme members receive a short online questionnaire when each significant transaction is processed. Survey results are summarised in the following table. In addition, comments received in the survey responses are followed up as a means to continuously improve service.

Survey Results 2025/26

	Refunds	Retirals
Forms Issued	2,152	5,743
Responses	69	978
Response rate (%)	3.2	17
Satisfaction Rating (%)	85.5	84.1
Target (%)	80.0	90.0
<i>2024/25 full year (%)</i>	<i>86.9</i>	<i>86.5</i>

Employer Engagement

SPFO has a dedicated Employer and Data Management team that engages with employers and provides ongoing training and support. During 2025/26, **29** employer engagement events were held. These were a combination of presentations and one-to-one training sessions on data submissions.

There is also an [employer section](#) on the website covering everything from employer responsibilities through to technical training guides for current and prospective employers.

Development Priorities

Current priorities are to increase and improve digital delivery of SPFO communications including continuing to migrate members to the new services platform, *Engage* and implement its new developments and functionalities.



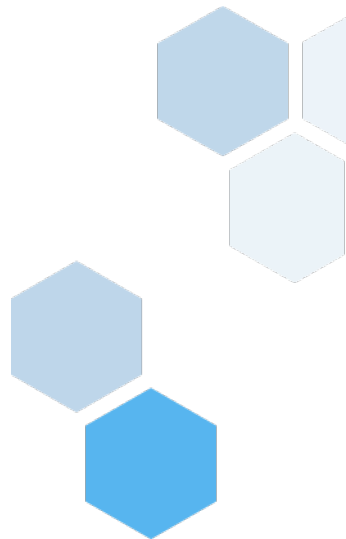
Independent Auditor's Report



Independent Auditor's Report

**Independent auditor's report to the members of Glasgow City Council
as administering authority for Strathclyde Pension Fund and the
Accounts Commission**

to be added to final version on completion of audit.



8

Financial Statements



Financial statements

The financial statements give a true and fair view of the financial position of the Strathclyde Pension Fund as at 31 March 2026 and the transactions of the Fund for the year.

Statement of responsibilities

The Council's Responsibilities

Glasgow City Council, as the administering authority for the Strathclyde Pension Fund, is required to:

- Make arrangements for the proper administration of Strathclyde Pension Fund's financial affairs and to secure that the proper officer of the authority has responsibility for the administration of those affairs. In relation to Strathclyde Pension Fund, that officer is the Executive Director of Financial Services;
- Manage the affairs of Strathclyde Pension Fund to secure the economic, efficient and effective use of 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); and
- Approve Strathclyde Pension Fund's Annual Accounts for signature.

The annual accounts will be presented for consideration by the Strathclyde Pension Fund Committee at its meeting of 23 June 2026 and the post audit accounts will be submitted to the Strathclyde Pension Fund Committee to be approved for signing no later than 30 September 2026.

Councillor Richard Bell

City Treasurer and Convener
Strathclyde Pension Fund Committee



Executive Director of Finance's Responsibilities

The Executive Director of Financial Services is responsible for the preparation of Strathclyde Pension Fund's Annual Accounts in accordance with proper practices as required by legislation and as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Accounting Code).

In preparing the Annual Accounts, the Executive Director of Finance has:

- Selected suitable accounting policies and then applied them consistently;
- Made judgements and estimates that were reasonable and prudent;
- Complied with legislation; and
- Complied with the Local Authority Accounting Code (in so far as it is compatible with legislation). The Executive Director of Finance has also:
 - Kept adequate accounting records which were up to date; and
 - Taken reasonable steps for the prevention and detection of fraud and other irregularities.

I certify that the financial statements give a true and fair view of the financial position of the Strathclyde Pension Fund as at 31 March 2026 and the transactions of the Fund for the period then ended.

Robert Emmott BSc (Hons) CPFA

Executive Director of Financial Services

Fund Accounts

Fund Account as at 31st March 2026

2024/25 £000		Notes	2025/26 £000
Contributions and Benefits Income			
252,530	Contributions from Employers	8	235,035
186,552	Contributions from Employees	8	198,602
204,565	Transfers in from Other Pension Funds	8a	12,127
7,387	Other		5,788
651,034			451,552
Expenditure			
(686,802)	Pensions Payments	8	(733,674)
(243,999)	Lump Sum and Death Benefit Payments	8	(214,108)
(33,029)	Payments To and On Account of Leavers	9	(141,415)
(963,830)			(1,089,197)
(312,796)	Net Increase/(Reduction) from Dealings with Members		(637,645)
(204,365)	Management Expenses	10,11	(219,677)
(517,161)	Net Reduction including Fund Management Expenses		(857,322)
520,940	Investment Income	12	554,869
(4,027)	Taxes on Income	13	(6,132)
703,190	Change in Market Value of Investments		2,473,008
1,220,103	Net Returns on Investments		3,021,745
702,942	Net Increase/(Reduction) in the Fund during the Year		2,164,423
30,568,878	Add: Opening Net Assets of the Scheme		31,271,820
31,271,820	Closing Net Assets of the Scheme		33,436,243

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

Net Assets Statement as at 31 March 2026

2024/25 £000		Notes	2025/26 £000
Investment Assets			
6,202,198	Equities	14,15	6,775,702
14,138,133	Pooled Investment Vehicles	14,15	15,468,765
7,202,431	Private Equity / Infrastructure	14,15	7,272,569
2,685	Index Linked Securities	14,15	3,795
(16)	Derivative Contracts	14,15,20	43
2,339,560	Property	14,18	2,538,536
1,134,011	Cash Deposits	14,15	1,197,467
97,065	Other Investment Assets	14,15	83,983
31,116,067			33,340,860
(100,097)	Investment Liabilities	14	(96,058)
1,550	Long-Term Debtors	23	1,452
303,478	Current Assets	24	224,672
(49,178)	Current Liabilities	25	(34,683)
31,271,820	Net Assets of the Fund as at 31 March		33,436,243

The Net Assets Statement represents the value of assets and liabilities as at 31 March 2026 (excluding actuarial present value of promised retirement benefits). These unaudited financial statements are being issued on 23 June 2026.

Robert Emmott BSc (Hons) CPFA

Executive Director of Financial Services

Notes to Accounts

1. General Description of the Fund and its Membership

The Strathclyde Pension Fund was established in 1975 by Strathclyde Regional Council. Glasgow City Council became the Administering Authority for the Fund on 1 April 1996. The Fund is a pool into which employees' and employers' contributions and income from investments are paid. The Fund is also a pool from which pensions and other lump sum benefits are paid out in accordance with the provisions of the Local Government Pension Scheme (Scotland) Regulations.

The Local Government Pension Scheme is a statutory scheme established under the Superannuation Act 1972 and the Public Service Pensions Act 2013.

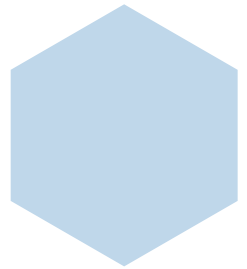
Glasgow City Council has delegated decision making for the Fund to its Strathclyde Pension Fund Committee. Scheme and Fund administration is carried out by the Strathclyde Pension Fund Office (SPFO), a division of the Council's Financial Services Department. The investment assets of the Fund are externally managed.

Fund Membership

Membership of the Strathclyde Pension Fund includes:

- Employees and pensioners of the 12 local authorities in the former Strathclyde area;
- Civilian employees and pensioners of the Scottish Police Authority and Scottish Fire and Rescue Service;
- Employees and pensioners of other scheduled bodies;
- Employees and pensioners of admitted bodies; and
- Deferred pensioners of scheduled and admitted bodies.

A list of participating employers as at 31 March 2026 can be found in the Administration section of this Annual Report. The major employers and other scheduled bodies are listed below.



Major Employers	Other Scheduled Bodies
Argyll and Bute Council	Ayrshire College
East Ayrshire Council	City of Glasgow College
North Ayrshire Council	Glasgow Clyde College
South Ayrshire Council	Glasgow Kelvin College
West Dunbartonshire Council	New College Lanarkshire
East Dunbartonshire Council	South Lanarkshire College
Glasgow City Council	West College Scotland
North Lanarkshire Council	Ayrshire Valuation Joint Board
South Lanarkshire Council	Dunbartonshire Valuation Joint Board
East Renfrewshire Council	Lanarkshire Valuation Joint Board
Renfrewshire Council	Renfrewshire Valuation Joint Board
Inverclyde Council	University of West of Scotland
Scottish Water	
Scottish Police Authority	
Scottish Fire and Rescue Service	
Strathclyde Partnership for Transport	

2. Basis of Preparation

The Annual Accounts have been prepared in accordance with the guidelines set out in the Code of Practice on Local Authority Accounting in the United Kingdom 2025/26 which is based upon International Financial Reporting Standards (IFRS) as amended for the UK public sector. The Annual Accounts summarise the transactions of the Fund during the year and the net assets at the year end. The actuarial present value of promised retirement benefits, valued on an International Accounting Standard (IAS) 19 basis, is disclosed at Note 7 of these accounts.

The Fund's Annual Accounts are generally prepared on an accruals basis. The Net Assets Statement does not include liabilities to pay pensions and benefits after the end of the Fund year and the accruals concept is applied accordingly. Receipts and payments in respect of the transfer of benefits to and from other schemes are treated on a cash basis.

The financial statements are prepared in line with the requirements of the CIPFA Code of Practice on Local Authority Accounting, which outlines that as authorities cannot be created or dissolved without statutory prescription, they must prepare their financial statements on a going concern basis of accounting. The Fund is established under secondary legislation made under the terms of the Public Service Pensions Act 2013 and is therefore expected to be a going concern until notification is given that the body will be dissolved and its functions transferred. At the date of approval of the financial statements there is no indication of any such notification.

The Fund has carried out an assessment of its going concern status. This included consideration of the following:

- Financial performance and position at 31 March 2026;
- Update on asset position post year end;
- Expected impact of forecasted cash flow on costs and expenditure through management costs and
- benefits payable for 18 months from the financial statements date of 31st March 2026;
- Readily available funds at 31 March 2026 and post year-end.

At 31 March 2026, the Fund was holding £133.5m in in-house managed cash in its current account(s) whereas its average monthly outgoings are projected at £87.6m (negative £13.76m net of monthly income, excluding investment returns). The Fund forecasts through the going concern assessment to have shortfall of £165m due to the approved reduction in employer contributions. However, when the Funds needs cash, it holds £811.2m in externally managed cash deposits and anticipates receipt of net investment income of £478.8m over the assessment period together with current calendar year net distributions of £236m from its private markets programmes. The Fund also holds £22,514m in what are liquid investments in the form of listed global equities and multi-asset passive pooled funds. These are generally realisable within 14 days. Therefore, the Fund remains in a strong position with a healthy funding level, liquid assets that are readily convertible to cash and healthy cash level in the bank. The Fund has considered its financial position at year end and has concluded that it is well placed to continue to manage its business and financial risks successfully. As a result, the financial statements are appropriately prepared on a going concern basis.



3. Summary of Significant Accounting Policies

Fund Account Contributions Income

Normal contributions from employers are accounted for on an accruals basis at the percentage rate certified by the Fund actuary in the payroll period to which they relate. Contributions from members are accounted for at the rates specified in the scheme regulations. Employers' augmentation contributions and pension strain contributions are accounted for in the period in which the liability arises. Any amounts in respect of strain on the fund due in a year but unpaid will be classed as a current financial asset.

Transfers To and From Other Schemes

Transfer values represent the amounts received and paid from or to other pension funds during the year for members who have either joined or left the Fund during the financial year. Transfer values are calculated in accordance with the 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. Group transfers are accounted for on an accruals basis in accordance with the terms of the transfer agreement.

Investment Income

Interest income is recognised in the Fund accounts as it accrues, using the effective interest rate of the financial instrument as at the date of acquisition or origination. Income includes the amortisation of any discount or premium, transaction costs or other differences between the initial carrying amount of the instrument and its amount at maturity calculated on an effective interest rate basis. Dividend income is recognised on the date the shares are quoted ex-dividend. Distributions from pooled funds are recognised at the date of issue. Any amounts not received by the end of the reporting period in relation to dividend income or distributions from pooled funds are disclosed in

the Net Assets Statement as a current financial asset. Property income consists primarily of rental income that is recognised on a straight-line basis over the lease term. Contingent rents based on the future amount of a factor that changes other than with the passage of time, such as turnover rents, are only recognized when contractually due.

Change in Market Value

Changes in the net market value of investments comprise all realised and unrealised profits/losses during the year.

Benefits Payable

Pension and lump-sum benefits payable include all amounts known to be due as at the end of the financial year. Any amounts due but unpaid are disclosed in the Net Assets Statement as current liabilities.

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 and then netted off against investment income.

Management Expenses Include the Following:

Administrative Expenses

All administrative expenses are accounted for on an accruals basis. All staff and accommodation costs of the pensions administration team are charged direct to the Fund. Management and other overheads are apportioned to the Fund in accordance with Council policy.



Oversight and Governance Costs

All oversight and governance costs are accounted for on an accruals basis. All staff costs associated with governance and oversight are charged direct to the Fund. Associated management and other overheads are apportioned to this activity and charged as expenses to the Fund.

Investment Management Expenses

All investment management expenses are accounted for on an accruals basis. External investment manager fees are agreed in the respective mandates governing their appointments. Broadly, these are based on the market value of the investments under their management and therefore increase or reduce as the value of these investments change. In instances where an investment manager's fee note has not been received by the balance sheet date, an estimate based on the market value of their mandate as at the end of the year is used for inclusion in the Fund Account. In cases where charges relate to an investment fund as a whole an estimate needs to be made of the costs applicable to the Pension Fund's holding. In 2025/26 £8.89m of fees are based on such estimates (2024/25 £10.7m). The cost of obtaining investment advice from external consultants is included in investment management charges. The cost of the Fund's management team are charged direct to the Fund and a proportion of the Council's costs representing management time spent by officers on investment management is also charged to the Fund.

Net Asset Statement

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 in the Net Assets Statement on the date the Fund becomes party to the contractual acquisition of the asset. From this date any gains or losses arising in the fair value of an asset are recognised by the Fund.

Valuation of Investments

Quoted investments are valued at closing prices. These prices may be the last trade prices or bid prices depending on the convention of the stock exchange or other market on which they are quoted. Overseas investments and cash are stated in sterling using exchange rates as at close of business on 31 March 2026. The direct property portfolio was valued at 31 March 2026 on a fair value basis by Avison Young, the valuer being qualified for that purpose in accordance with the Royal Institute of Chartered Surveyor (RICS) Valuation Standards manual. Private equity investments have been included at the Fund managers' valuations adjusted for cash movements since the last valuation date where that is earlier than the balance sheet date. Pooled investment vehicles are valued at closing bid price if both bid and offer prices are published or if single priced at the closing single price. In the case of pooled investment vehicles that are accumulation funds, change in market value also includes income, which is invested in the fund net of applicable withholding tax.

Foreign Currency Transactions

Dividends, interest and purchases and sales of investments in foreign currencies have been accounted for at the spot market rates at the date of transaction. End-of-year spot market exchange rates are used to value cash balances held in foreign currency bank accounts, market values of overseas investments and purchases and sales outstanding at the end of the reporting period.



Derivatives

The Fund may use derivative financial instruments to manage its exposure to specific risks arising from its investment activities. The Fund does not hold derivatives for speculative purposes. Derivative contract assets are fair valued at bid prices and liabilities are fair valued at offer prices. Changes in the fair value of derivative contracts are included in change in market value. The value of future 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 exchange traded options is determined using the exchange price for closing out the option at the reporting date. The value of over-the-counter contract options is based on quotations from an independent broker. Where this is not available, the value is provided by the investment manager using generally accepted option-pricing models with independent market data. The future value of forward currency contracts is based on market forward exchange rates at the year-end date and determined as the gain or loss that would arise if the outstanding contract were matched at the year-end with an equal and opposite contract.

Cash and Cash Equivalents

Cash comprises cash in hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to minimal risk of changes in value.

Liabilities

The Fund recognises financial liabilities at fair value at the reporting date. A financial liability is recognised in the Net Assets Statement 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. The Annual Accounts do not take account of obligations to pay pensions and benefits which fall due after the end of the year. The actuarial position of the Fund, which does take account of such obligations, is

summarised below and fully reported elsewhere. These Annual Accounts should be read in conjunction with that information.

Contingent Assets and Liabilities

Contingent assets and liabilities reflect possible assets or financial obligations to the Fund where the potential amount is unable to be estimated and/or it is still not deemed probable that an obligating event has arisen. Contingent assets and liabilities are not recognised in the Net Assets Statement but are disclosed by way of narrative in the notes (see Note 29).

Actuarial Present Value of Promised Retirement Benefits

The actuarial present value of promised retirement benefits is assessed on a triennial basis by the scheme actuary in accordance with the requirements of IAS 19 and relevant actuarial standards. As permitted under IAS 26, the Fund has opted to disclose the actuarial present value of promised retirement benefits in a note to the Net Assets Statement (Note 7).

Additional Voluntary Contributions

Strathclyde Pension Fund provides an additional voluntary contribution (AVC) scheme for its members, the assets of which are invested separately from those of the Pension Fund. The Fund has appointed Prudential as its AVC provider. Standard Life is the legacy provider. AVCs are paid to the AVC provider by employers and are specifically for providing additional benefits for individual contributors. Each AVC contributor receives an annual statement showing the amount held in their account and the movements in the year. AVCs are not included in the accounts in accordance with section 4(2)(b) of the Local Government Pension Scheme (Management and Investment of Funds) (Scotland) Regulations 2010 (SSI 2010/233) but are disclosed as a note only (Note 31).



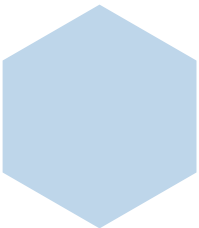
Events After the Balance Sheet Date

Events after the balance sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the statement of accounts is authorised for issue. Two types of events may be identified:

- Those that provide evidence of conditions that existed at the end of the reporting period – the Annual Accounts are adjusted to reflect such events; and
- Those that are indicative of conditions that arose after the reporting period – the Annual Accounts are not adjusted to reflect such events, but where this would have a material effect, the nature and estimated financial impact of such events is disclosed in the notes.

New Standards Adopted/Issued but not yet Adopted

The Code requires the disclosure of information relating to the impact of an accounting change that will be required by a new standard that has been adopted or issued but not yet adopted. During the year no new standards were adopted. All standards within the 2025/26 Code have been adopted.



4. Directly Held Property

The Fund's investment portfolio includes a number of directly owned properties which are leased commercially to various tenants with rental periods remaining between less than one month and greater than 40 years. The Fund has determined that these contracts all constitute operating lease arrangements under the classifications permitted by the Code, therefore the properties are retained on the Net Asset Statement at Fair Value. Rental income is recognised in the Fund Account on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. if there is a premium paid at the commencement of the lease).

5. Prior Period Adjustments, Changes in Accounting Policies and Estimates

Prior period adjustments may arise as a result of a change in accounting policy or to correct a material error. Changes in accounting policy are only made when required by a proper accounting practice or to provide more reliable or relevant information on the Fund's financial position. Where a change is made it is applied retrospectively by adjusting opening balances and comparative amounts for the prior period, as if the new policy had always applied. Changes in accounting estimation techniques are applied in the current and future years.

6. Actuarial Position of the Fund

In accordance with Regulation 60 of the Local Government Pension Scheme (Scotland) Regulations 2018 an actuarial valuation of the Strathclyde Pension Fund was carried out as at 31 March 2023. Results of the valuation were confirmed during 2023/24 and a copy of the valuation report was issued to all participating employers.

The estimated funding level as at 31st March 2026 is 158% (147% at 31 March 2023) and there was a funding surplus of £12.4bn (£8.9bn at 31 March 2023):

2020 Valuation £ million		2023 Valuation £ million
20,941	Fund Assets	27,872
(19,744)	Fund Liabilities	(18,970)
1,197	Surplus	8,902

The Fund liabilities were valued on an “ongoing” basis anticipating that the Fund’s investments will produce returns which exceed those available from government bonds. The funding target of 100% had been achieved and exceeded at the valuation date.

The whole fund Primary and Secondary employer contribution rates were 26.7% and - 7.1%. In practice individual employers pay rates based on their own funding position and membership profile. The Main Employer Group contribution rate was set at: 6.5% (of pensionable pay) for the years commencing 1st April 2024 and 1st April 2025; and 17.5% for the year commencing 1st April 2026. (Previously 19.3% since 1st April 2012).

Funding Policy

On completion of the actuarial valuation as at 31 March 2023 the Fund published a revised Funding Strategy Statement in accordance with regulation 56 of the Regulations. The actuary’s report and the Funding Strategy Statement are available on the SPFO website at: [Actuarial valuation reports and SPF Funding Strategy Statement](#).



Next Valuation

The next formal funding valuation will be carried out as at 31 March 2026 with results being available by 31 March 2027.

Funding Projection as at 31 March 2026

Daily updates of the projected funding position and risk metrics are available and are used for inter-valuation monitoring. The actuarial projection provided by the Fund's actuary as at 31 March 2026 recorded a funding position of 158% (31 March 2025 - 174%).

Funding Method

At the 2023 actuarial valuation and for previous valuations a funding method was used that identifies separately the expected cost of members' benefits in respect of:

- Scheme membership completed before the valuation date ("past service"); and
- Scheme membership expected to be completed after the valuation date ("future service").

The funding strategy and the methodology adopted by the actuary incorporate a risk-based approach which allows for 5,000 possible future economic scenarios when assessing the likelihood of contributions being sufficient to meet both the accrued and future liabilities over a given time horizon for the Fund and for each employer.

The funding objective is to achieve the funding target over the target funding period. The funding target (amount of assets compared to liabilities expressed as a percentage) is at least 100% using appropriate actuarial assumptions.

The target funding period and recovery period for any deficit is the weighted average future working lifetime of the active membership – currently around 13 years for the whole Fund. There are many inherent uncertainties in the funding process and a wide range of possible outcomes. It is acknowledged that the actual funding level will fluctuate as a result. The funding strategy targets at least a 80% probability of achieving the target, and a higher probability where possible.

The actuary's report on the valuation is required to include a Rates and Adjustments certificate which specifies for each employer the primary rate and the secondary rate of the employer's contribution for each of the three years beginning with 1 April in the calendar year following that in which the valuation date falls. The primary rate for each employer is the expected cost of future service for that employer's membership. The secondary rate is any percentage or amount by which, in the actuary's opinion, contributions at the primary rate should be increased or reduced by reason of any circumstances peculiar to that employer.

The primary and secondary rates for each employer from 1 April 2024 to 31 March 2027 are shown in the Rates and Adjustments certificate in Appendix 3 to the valuation report which is available from [Actuarial valuation reports](#). For the Fund's Main Employer Group the total rate to be paid is as shown below:

Year to	Rate (as % of pensionable payroll)
31 March 2024	19.3%
31 March 2025	6.5%
31 March 2026	6.5%
31 March 2027	17.5%

7. Actuarial and Other Major Assumptions

The Statement of Accounts contains estimated figures that are based on assumptions made by the Strathclyde Pension Fund about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The pension fund liability is calculated every three years by the appointed actuary, with annual updates in the intervening years. The methodology used is in line with accepted guidelines and in accordance with IAS 19.

For valuation purposes the actuary uses assumptions about the factors affecting the Fund's finances in the future. The estimate is subject to significant variances based on changes to these underlying assumptions. The most sensitive assumptions are detailed below:

Assumption	Derivation	Nominal %	Real %
Price inflation (CPI) / Pension Increases / CARE Revaluation	Market expectation of long term future CPI inflation based on actuarial modelling.	2.7	-
Pay increases	Price inflation (CPI) plus 0.7% p.a.	3.9	0.7
Discount rate	Expected future annual return from the Fund's investments with at least a 80% likelihood of being achieved over the next 13 years based on actuarial modelling.	5.0	3.2

In addition to the financial assumptions outlined above, valuation results are also sensitive to demographic assumptions. These include assumptions about the future longevity of members and about whether on retirement they will exchange some of their pension for additional tax-free cash (the commutation assumption).

The commutation assumption adopted at the 2023 valuation is that future pensioners will elect to exchange pension for additional tax-free cash up to 75% of HMRC limits.

Longevity assumptions adopt a member-level baseline using Club Vita analysis, together with an allowance for future improvements based on the CMI 2022 model. Sample rates for this valuation are shown in the following table. (2020 figures included for comparison).

Assumed life expectancy at age 65	Actives & Deferrals		Current Pensioners	
	Male	Female	Male	Female
2020 Valuation	21.3	24.7	19.9	22.6
2023 Valuation	20.6	24.2	19.8	22.5

Note that the figures for actives and deferred/pensioners assume that they are aged 45 at the valuation date.

Further details of the assumptions adopted for the 2023 valuation can be found in Appendix 2 to the valuation report.

Actuarial Present Value of Promised Retirement Benefits

The actuarial present value of promised retirement benefits is estimated at £19.346 million as at 31 March 2026 (£18,745 million as at 31 March 2025).

Liabilities have been projected using the latest formal funding valuation as at 31 March 2023. It should be noted that the above figures are appropriate for the Administering Authority only for preparation of the accounts of the Pension Fund. They should not be used for any other purpose.

Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

The items in the Financial Statements at 31 March 2026 for which there is a significant risk of adjustment in the forthcoming financial year are as follows

Item	Uncertainties	Effect if actual results differ from assumptions
Actuarial Present Value of Promised Retirement Benefits	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, salary increases, changes in retirement ages, mortality rates and returns on fund assets. A firm of consulting actuaries is engaged to provide the Fund with expert advice about the assumptions to be applied.	The actuary has estimated that a 0.1% decrease in the real discount rate would lead to an increase in the pension liability of £322 million. Similarly, a 0.1% increase in the rates of salary increase and pension increase would increase the liability by £23 million and £299 million respectively. The assumptions used are those adopted for the Administering Authority's IAS19 report and are different as at 31 March 2026 and 31 March 2025. The actuary estimates that the impact of the change in financial assumptions to 31 March 2026 is to decrease the actuarial present value by £593m, and the impact of the change in demographic assumptions is to increase the actuarial present value by £117m.

Item	Uncertainties	Effect if actual results differ from assumptions
Private Equity/ Infrastructure	<p>Determining the fair value of investments in private markets involves a degree of subjectivity. Valuations are inherently based on forward looking estimates and judgements involving many factors and can result in investment assets being reclassified between financial years. Where reclassification of an investment has taken place the prior year balance has been restated. These have all been categorised as ‘Level 3’ investments, that is investments where an error in at least one input could have a significant effect on an instrument’s valuation.</p>	<p>The value of the Fund’s private equity, private debt, private real estate and infrastructure investments was £7,273m at 31st March 2026 (£7,202m at 31st March 2025). The private markets figure of £7,273m includes £2,559m, private equity (£2,558m in 2024/25), £1,230m private debt (£1,352m in 2024/25), £941m private real estate (£877m in 2024/25) and £2,543m infrastructure (£2,415m in 2024/25). There is a risk that this investment may be under- or overstated in the accounts by up to 27% i.e. an increase or decrease of £1,964m (see Note 22 for details).</p>
Property	<p>Valuation techniques are used to determine the carrying values of directly held freehold and leasehold property. Where possible these valuation techniques are based on observable data, otherwise the best available data is used.</p>	<p>Changes in the valuation assumptions used, together with significant changes in rental growth, vacancy levels or the discount rate could affect the fair value of property-based investments by up to 15.9% i.e. an increase or decrease of £403.6m, on carrying values of £2,539m (see Note 22 for details).</p>

8. Contributions and Benefits

2025/26	Administering Authority £000	Other Scheduled £000	Admitted Bodies £000	Total £000
Contributions				
Employer	38,280	141,994	39,914	220,188
Augmentation	834	10,420	3,593	14,847
Total Employers	39,114	152,414	43,507	235,035
Employees	35,754	129,474	33,374	198,602
Benefits				
Pension	118,022	502,000	113,652	733,674
Lump Sum and Death Benefits	46,067	133,753	34,288	214,108
Total Benefits	164,089	635,753	147,940	905,782

2024/25	Administering Authority £000	Other Scheduled £000	Admitted Bodies £000	Total £000
Contributions				
Employer	42,215	139,368	39,587	221,170
Augmentation	7,782	17,779	5,799	31,360
Total Employers	49,997	157,147	45,386	252,530
Employees	33,724	119,838	32,990	186,552
Benefits				
Pension	108,382	470,938	107,482	686,802
Lump Sum and Death Benefits	54,437	147,857	41,705	243,999
Total Benefits	162,819	618,795	149,187	930,801

The Local Government (Discretionary Payments and Injury Benefits) (Scotland) Regulations 1998 [Section 31] allow employers to pay additional pensions on a voluntary basis.

As is typical within the Local Government Pension Schemes (LGPS), arrangements exist whereby additional teachers' pensions and employee pensions are paid with the payment of funded pensions. In order that such are not regarded as “unauthorised payments” by HMRC, these pension payments are met by the administering authority through a general fund bank account and recharged to the body or service which granted the benefit.

As “unfunded payments” are discretionary benefits, they are not relevant to the sums disclosed in the Fund accounts. Strathclyde Pension Fund provides payment and billing services to certain employers on a no charge agency agreement basis.

8a. Transfers In From Other Pension Funds

2024/25 £000	2025/26 £000
193,367 Group Transfers	0
11,198 Individual Transfers	12,127
204,565	12,1275

The Group Transfers for 2024/25 relate to an exercise to consolidate all of the Scottish LGPS interests of Scottish Fire & Rescue (SFRS) into SPF. This brought in over 1,500 members, together with their associated assets and liabilities, from 7 other Scottish LGPS funds. It was initiated and completed very successfully in 2 tranches within the financial year. It is a non-recurring item.

9. Payments To and On Account of Leavers

2024/25		2025/26
£000		£000
1,911	Refunds to members leaving service	2,017
0	Group Transfers/Exits	114,371
31,118	Individual Transfers	25,027
33,029		141,415

10. Management Expenses

The total management expenses were as follows:

2024/25		2025/26
£000		£000
5,040	Administrative Costs	6,349
196,773	Investment Management Expenses	211,596
2,552	Oversight and governance costs	1,732
204,365		219,677

Oversight and governance costs include £0.098m (2024/25 £0.073m) in respect of the external audit fee to EY. There were no other services provided by external audit in the year. Investment management expenses include £5.962m in respect of transaction costs (2024/25 £4.6m).

11. Investment Expenses

The total investment expenses were as follows:

2025/26	Total £000	Management Fees £000	Transaction Costs £000	Performance Monitoring £000	Actuarial Fees-Investment Consultancy £000	Consultancy Fees £000
Equities	31,459	25,792	5,667	0	0	0
Pooled Investment Vehicles	30,994	30,699	295	0	0	0
Private Equity / Infrastructure / Property	147,456	147,456	0	0	0	0
Cash	336	336	0	0	0	0
Other Investment Assets	1,180	237	0	276	198	469
Sub-Total	211,425	204,520	5,962	276	198	469
Custody Fees	171					
Total Investment Management Expenses	211,596					

2024/25	Total £000	Management Fees £000	Transaction Costs £000	Performance Monitoring £000	Actuarial Fees – Investment Consultancy £000	Consultancy Fees £000
Equities	27,973	24,312	3,661	0	0	0
Pooled Investment Vehicles	31,553	30,625	929	0	0	0
Private Equity / Infrastructure / Property	136,050	136,050	0	0	0	0
Cash	0	0	0	0	0	0
Other Investment Assets	1,039	143	0	270	157	469
Sub-Total	196,615	191,130	4,590	270	157	469
Custody Fees	158					
Total Investment Management Expenses	196,773					

The investment management fees shown include £11.4m (2024/25 £17.3m) in respect of performance related fees paid to the Fund's investment managers. In accordance with CIPFA guidance investment management costs deducted from an investment value are recognised as a cost in the Fund Account.

Quantification of these costs involves requesting the relevant fund managers for information, not all of which can be independently verified. In cases where charges relate to an investment fund as a whole an estimate needs to be made of the costs applicable to the Pension Fund's holding. There is a risk that the value of investment fees deducted from investments is incorrectly stated. However, this third party evidence is scrutinised and reviewed for completeness, accuracy and reasonableness to minimise this risk and as the costs are offset by a corresponding adjustment to the change in market value of investment any inaccuracy in the cost estimate will not change the reported net movement in the Fund for the year.



12. Investment Income

Total investment income was as follows:

2024/25		2025/26
£000		£000
0	Bonds	0
105,006	Dividends	113,298
2,589	Pooled Investments	0
251,548	Venture Capital and Partnerships	284,771
47,084	Interest and other	43,786
114,713	Rents	113,014
520,940	Investment income	554,869

2024/25		2025/26
£000		£000
114,713	Rental Income	114,942
(19,791)	Direct Operating Expenses	(24,623)
94,922	Net Income	90,319

13. Taxes on Income

2024/25		2025/26
£000		£000
4,027	Withholding tax – equities	6,132
4,027		6,132

14. Investments

Statement of Movement in Investments

2025/26	Market Value as at 31 March 2025 £000	Purchase and Derivative Payments £000	Sales and Derivative Receipts £000	Change in Market Value £000	Market Value as at 31 March 2026 £000
Investment Assets					
Equities	6,202,198	3,083,586	(3,145,821)	635,739	6,775,702
Pooled Investment Vehicles	14,138,133	152,182	(449,363)	1,627,813	15,468,765
Private Equity / Infrastructure	7,202,431	609,088	(560,217)	21,267	7,272,569
Index Linked Securities	2,679	0	0	1,116	3,796
Property	2,339,560	183,670	(21,774)	37,080	2,538,536
	29,885,000	4,028,526	(4,177,175)	2,323,015	32,059,367
Derivative Contracts:	(9)	586	(236)	(297)	43
Other Investment Balances:					
Cash Deposits	1,134,011				1,197,467
Receivable for Sales of Investments	27,257				15,245
Investment Income Due	69,802				68,737
Spot FX Contracts	6				1
Payable for Purchases of Investments	(100,097)				(96,058)
Long-Term Debtors	1,550				1,452
Current Assets and Liabilities	254,300				189,989
Net Investment Assets	31,271,820				33,246,252

2024/25	Market Value as at 31 March 2024 £000	Purchase and Derivative Payments £000	Sales and Derivative Receipts £000	Change in Market Value £000	Market Value as at 31 March 2025 £000
Investment Assets					
<i>Equities</i>	6,283,117	2,227,215	(2,151,681)	(156,453)	6,202,198
<i>Pooled Investment Vehicles</i>	14,105,656	430,325	(966,334)	568,486	14,138,133
<i>Private Equity / Infrastructure</i>	6,970,847	726,611	(578,893)	83,866	7,202,431
<i>Index Linked Securities</i>	6	2,462	0	211	2,679
<i>Property</i>	2,339,949	64,771	(162,712)	97,552	2,339,560
	29,699,575	3,451,384	(3,859,620)	593,662	29,885,001
<i>Derivative Contracts:</i>	(9)	107	4	(102)	(10)
Other Investment Balances:					
<i>Cash Deposits</i>	548,969				1,134,011
<i>Receivable for Sales of Investments</i>	17,917				27,257
<i>Investment Income Due</i>	59,719				69,802
<i>Spot FX Contracts</i>	6				6
<i>Payable for Purchases of Investments</i>	(63,479)				(100,097)
<i>Long-Term Debtors</i>	1,648				1,550
<i>Current Assets and Liabilities</i>	304,532				254,300
Net Investment Assets	30,568,878				31,271,820

Transaction Costs

Transaction costs are included in the cost of purchases and sale proceeds and are charged directly to the Fund. Transaction costs on listed securities include broker commissions, which are payments for the execution of trades and other levies such as exchange fees, settlement fees and clearing fees; transaction taxes, including stamp duty and other financial transaction taxes, and entry or exit charges that may arise when a holding in a pooled vehicle is bought or sold.

In addition to the transaction costs disclosed above, indirect costs may be incurred through the bid-offer spread on some pooled investment vehicles. The amount of such costs are separately provided to the Fund.

Derivatives

Derivatives comprise futures and forward derivative contracts. The market values as at 31 March 2026 and a summary of contracts held are summarised in the tables below:

31 March 2025 £000	31 March 2026 £000
0	0
Futures	
(16)	(13)
Forwards	
(16) Market Value	(13)

The Fund may use futures for the purposes of efficient portfolio management and or risk reduction.

Forwards

The Fund's equity managers may use forward foreign exchange contracts for the purposes of efficient portfolio management. As at 31 March 2026 there was £0.013m forward foreign exchange contracts.

Derivative market pricing is provided by the Fund's Global Custodian Northern Trust



15. Analysis of Investments

Investments can be further analysed as follows:

Market Value as at 31 March 2025 £000		Market Value as at 31 March 2026 £000
2,679	Fixed Interest Securities	3,795
6,202,198	Equities	6,775,702
Pooled Funds – Additional Analysis		
4,556,871	Fixed Income Unit Trust	4,197,003
6,523,825	Equity Unit Trust	8,030,518
17,664	Commodities	31,397
1,305,883	Multi-Asset	1,369,277
1,733,890	Absolute Return	1,840,570
14,138,133		15,468,765
Private Equity/Infrastructure – Additional Analysis		
2,558,126	Venture Capital	2,558,726
2,415,423	Infrastructure	2,543,044
1,352,379	Private Debt	1,229,361
876,503	Real Estate	941,438
2,339,560	Property	2,538,536
9,541,991		9,811,105
1,134,011	Cash Deposits	1,197,467
(10)	Derivatives	43
97,065	Other Investment Assets	83,983
(100,097)	Investment Liabilities	(96,058)
31,015,970	Net Investment Assets	33,244,802

Note: Cash balances are managed by the Fund's Global Custodian, Northern Trust

16. Fund Management

Investment Managers and Mandates

The market value of assets under the management of Fund managers as at 31 March 2026 was £xxbn.

Investment management arrangements as at 31 March 2026 are summarised below:

Asset Class	Fund Manager	% Managed	Market Value £000
Multi Asset - Passive	Legal & General	34.8%	11,552,592
Global Equity	Baillie Gifford	7.4%	2,470,040
Global Equity	Lazard	3.1%	1,038,393
Global Equity	Veritas	2.8%	927,076
Global Equity	Oldfield	3.5%	1,149,774
Specialist – Equities (UK Small Companies)	Lombard Odier	1.2%	392,348
Specialist – Equities (overseas Small Companies)	JP Morgan	3.3%	1,089,614
Specialist – Emerging Markets	Fidelity	0.0%	20
Specialist – Emerging Markets	RBC	2.0%	674,909
Specialist – Private Equity/Debt	Pantheon	3.7%	1,227,998
Specialist – Private Equity	Partners Group	2.4%	790,125
Specialist – Absolute Return Bonds	PIMCO	3.7%	1,241,553
Specialist – Long-only Absolute Return	Ruffer	1.8%	599,017
Specialist – Multi Asset Credit	Barings	2.3%	760,711
Specialist – Multi Asset Credit	Oak Hill Advisors	1.8%	608,567
Specialist – Private Debt	Barings	1.0%	338,900
Specialist – Private Debt	Alcentra	0.5%	179,658
Specialist – Private Debt	Partners Group	1.2%	398,019
Specialist – Private Real Estate Debt	ICG Longbow	0.9%	314,864

Specialist – Private Debt Secondaries	Pantheon	0.2%	67,799
Emerging Market Debt	Ashmore	0.0%	0
Specialist – Property	DTZ	7.9%	2,628,897
Specialist – Global Real Estate	Partners Group	1.9%	643,008
Specialist – Global Infrastructure	JP Morgan	5.0%	1,655,515
Specialist – Direct Impact Portfolio	Various	5.1%	1,684,160
Cash	Northern Trust	2.4%	811,238
		100%	33,244,802

Investment Management arrangements as at 31 March 2025 are summarised below:

Asset Class	Fund Manager	% Managed	Market Value £000
<i>Multi Asset - Passive</i>	<i>Legal & General</i>	<i>34.0%</i>	<i>10,453,719</i>
<i>Global Equity</i>	<i>Baillie Gifford</i>	<i>7.5%</i>	<i>2,354,209</i>
<i>Global Equity</i>	<i>Lazard</i>	<i>3.1%</i>	<i>953,469</i>
<i>Global Equity</i>	<i>Veritas</i>	<i>3.2%</i>	<i>978,867</i>
<i>Global Equity</i>	<i>Oldfield</i>	<i>2.9%</i>	<i>910,287</i>
<i>Specialist – Equities (UK Small Companies)</i>	<i>Lombard Odier</i>	<i>1.20%</i>	<i>366,714</i>
<i>Specialist – Equities (overseas Small Companies)</i>	<i>JP Morgan</i>	<i>2.90%</i>	<i>894,134</i>
<i>Specialist – Emerging Markets</i>	<i>Fidelity</i>	<i>0.40%</i>	<i>116,907</i>
<i>Specialist – Emerging Markets</i>	<i>RBC</i>	<i>1.40%</i>	<i>420,493</i>
<i>Specialist – Private Equity/Debt</i>	<i>Pantheon</i>	<i>4.30%</i>	<i>1,345,966</i>
<i>Specialist – Private Equity</i>	<i>Partners Group</i>	<i>2.90%</i>	<i>912,150</i>
<i>Specialist – Absolute Return Bonds</i>	<i>PIMCO</i>	<i>3.8%</i>	<i>1,180,024</i>



<i>Specialist – Long-only Absolute Return</i>	<i>Ruffer</i>	<i>1.80%</i>	<i>553,867</i>
<i>Specialist – Multi Asset Credit</i>	<i>Barings</i>	<i>2.30%</i>	<i>727,196</i>
<i>Specialist – Multi Asset Credit</i>	<i>Oak Hill Advisors</i>	<i>1.90%</i>	<i>578,687</i>
<i>Specialist – Private Debt</i>	<i>Barings</i>	<i>1.20%</i>	<i>386,623</i>
<i>Specialist – Private Debt</i>	<i>Alcentra</i>	<i>0.80%</i>	<i>237,626</i>
<i>Specialist – Private Debt</i>	<i>Partners Group</i>	<i>1.10%</i>	<i>329,014</i>
<i>Specialist – Private Real Estate Debt</i>	<i>ICG Longbow</i>	<i>0.90%</i>	<i>292,952</i>
<i>Specialist – Private Debt Secondaries</i>	<i>Pantheon</i>	<i>0.10%</i>	<i>38,627</i>
<i>Emerging Market Debt</i>	<i>Ashmore</i>	<i>0.00%</i>	<i>0</i>
<i>Specialist – Property</i>	<i>DTZ</i>	<i>8.10%</i>	<i>2,503,724</i>
<i>Specialist – Global Real Estate</i>	<i>Partners Group</i>	<i>1.90%</i>	<i>583,447</i>
<i>Specialist – Global Infrastructure</i>	<i>JP Morgan</i>	<i>4.80%</i>	<i>1,494,395</i>
<i>Specialist – Direct Impact Portfolio</i>	<i>Various</i>	<i>5.20%</i>	<i>1,601,427</i>
<i>Cash</i>	<i>Northern Trust</i>	<i>2.30%</i>	<i>711,445</i>
		100%	31,015,970

Private Equity

Unquoted holdings in private equity funds have been included at the Fund managers' valuation adjusted for cash movements since the last valuation date where appropriate and incorporating fair value adjustment where these have been provided by managers. Unquoted Fund investments are valued at fair value as determined by the Directors or General Partner. The valuations provided by the general partners or managers typically reflect the fair value of the Company's capital account balance of each Fund investment, including unrealised gains and losses, as reported in the Annual Accounts of the respective Fund. Private equity investments are typically illiquid and resale is restricted.

17. Notifiable Holdings

Notifiable holdings are holdings which exceed 5% of the total value of Fund net assets. As at 31 March 2026 the Fund had holdings of £4,421 million (13.3%) in Legal and General All Stocks Gilt Fund and North America Low Carbon Fund.

18. Property Holdings

As at 31 March 2026 the Fund held direct property assets with a value of £2,539m (2024/25 £2,340m). This valuation was calculated by Avison Young on the Fund's behalf in accordance with RICS Valuation Standards manual.

2024/25 £000		2025/26 £000
2,339,949	Opening balance	2,339,560
64,771	Additions	183,670
(162,712)	Disposals	(21,774)
97,552	Change in Market Value	37,080
2,339,560	Closing Balance	2,538,536

The property holdings are all held for investment purposes and have been individually valued on the basis of Fair Value / Market Value, defined as:-



The estimated amount for which a property should exchange on the date of valuation between a willing buyer and willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

The future minimum lease payments receivable by the fund as at 31 March 2026 are shown in the table below.

2024/25 £000		2025/26 £000
96,599	Within one year	102,596
312,112	Between one and five years	341,165
562,188	Later than five years	792,095
970,899	Total future lease payments due	1,235,857

As at 31 March 2026 the Fund held indirect UK property assets of £85m (2024/25 £97.6m).

19. Stock Lending

The Fund participates in a stock lending programme managed by its Global Custodian, Northern Trust. All loans are fully collateralised. As at 31 March 2026 stock with a value of £823.2m was on loan (£579.8m as at 31 March 2025).

20. Financial Instruments

Accounting policies describe how different asset classes of financial instruments are measured and how income and expenses, including fair value gains and losses, are recognised. The following table analyses the fair values of financial assets and liabilities by category and net asset statement heading for the year ended 31 March 2026.



31 March 2025			31 March 2026			
<i>Fair value through profit & loss</i> £000	<i>Loans & receivables</i> £000	<i>Financial liabilities at amortised Cost</i> £000		<i>Fair value through profit & loss</i> £000	<i>Loans & receivables</i> £000	<i>Financial liabilities at amortised Cost</i> £000
Financial Assets						
6,202,198	0	0	Equities	6,775,702	0	0
14,138,133	0	0	Pooled Investment Vehicles	15,468,765	0	0
7,202,431	0	0	Private Equity/ Infrastructure	7,272,569	0	0
2,679	0	0	Index Linked Securities	3,795	0	0
6	0	0	Derivative Contracts	56	0	0
238,516	895,495	0	Cash	135,881	1,061,586	0
6	97,059	0	Other Investment Balances	1	83,982	0
27,783,969	992,554	0		29,656,769	1,145,568	0
(16)	0	0	Derivatives	(13)	0	0
0	0	(100,097)	Other Investment Liabilities	0	0	(96,058)
(16)	0	(100,097)		(13)	0	(96,058)
27,783,953	992,554	(100,097)	Net Financial Assets	29,656,756	1,145,568	(96,058)

The table below shows net gains and losses on financial instruments for the year ended 31 March 2026.

31 March 2025		31 March 2026	
£000		£000	
Financial Assets			
496,110	Fair value through profit and loss	2,323,015	
92	Loans and receivables	0	
Financial Liabilities			
(103)	Fair value through profit and loss	(297)	
(5,200)	Loans and receivables	(1,181)	
490,899	Total	2,321,537	

The following table summarises the market values of the Fund's financial assets and liabilities by class of instrument for the year ended 31 March 2026.

Market Value		Market Value	
31 March 2025		31 March 2026	
£000		£000	
Financial Assets			
27,783,967	Fair value through profit and loss	29,656,769	
992,554	Loans and receivables	1,145,568	
Financial Liabilities			
(16)	Fair Value through profit and loss	(13)	
(100,097)	Financial liabilities measured at amortised cost	(96,059)	
28,676,408	Total	30,706,265	

The £30,706m net financial assets shown above plus property (£2,539m) and long-term debtors and current assets (£226m) less current liabilities (£35m) equals £33,436m Net Assets as at 31 March 2026 in the Net Assets Statement.

21. Fair Value Hierarchy

The valuation of financial assets and liabilities has been classified into three levels according to the quality and reliability of information used to determine fair values.

Level 1

Financial instruments at Level 1 are those where the fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities. Products classified as Level 1 comprise quoted equities, quoted fixed interest securities, quoted index linked securities and unit trusts. Listed investments are shown at bid prices. The bid value of the investment is based on the bid quotation of the relevant stock exchange.

Level 2

Financial instruments at Level 2 are those where quoted market prices are not available, for example, where an instrument is traded in a market that is not considered to be active, or where valuation techniques use inputs that are based significantly on observable market data.

Level 3

Financial instruments at Level 3 are those where at least one input that could have a significant effect on the instrument's valuation is not based on observable market data. Such instruments would include unquoted equity investments and hedge fund of funds which are valued using various valuation techniques that require significant judgement in determining appropriate assumptions.

The values of private equity investments are based on valuations provided by the general partners of the private equity funds in which the Fund has invested. Such valuations are prepared in accordance with the International Private Equity and Venture Capital Valuation Guidelines which follow the valuation principles of IFRS and US GAAP. Valuations are usually undertaken quarterly

The following tables provide an analysis of the financial assets and liabilities of the Fund grouped into Levels 1 to 3, based on the level at which fair value is observable.

31 March 2025				31 March 2026		
Level 1 £000	Level 2 £000	Level 3 £000		Level 1 £000	Level 2 £000	Level 3 £000
Financial Assets						
7,346,286	14,120,469	7,212,695	Fair value through profit and loss	6,931,396	14,936,828	7,788,545
69,802	27,270	0	Loans and receivables	1,130,252	15,316	0
7,416,088	14,147,739	7,212,695		8,061,648	14,952,144	7,788,545
Financial Liabilities						
0	(16)	0	Fair Value through profit and loss	0	(13)	0
(69,242)	(30,855)	0	Financial liabilities measured	0	(96,059)	0
(69,242)	(30,871)	0		0	(96,072)	0
7,346,846	14,116,868	7,212,695	Net Financial Assets	8,061,648	14,856,072	7,788,545

The total value of Net Financial Assets for Levels 1, 2 and 3 as at 31 March 2026 in the above table is £30,706m (£28,676m 2024/25) which matches the financial instruments market value shown at Note 20. The Fund's property assets of £2,539m (see Note 18 for details) are also classed as level 3, taking the total value of Net Investment Assets to £33,245m.

Reconciliation of Fair Value Measurements Within Level 3

2025/26	Market value as at 31 March 2025 £000	Transfers in/out of Level 3 £000	Purchases £000	Sales £000	Unrealised gains (losses) £000	Realised gains (losses) £000	Market value as at 31 March 2026 £000
Equities	7,586	1,596	0	0	6,739	(10,453)	5,468
Equity Funds	0	0	494,891	0	11,819	0	506,710
Private Equity	7,205,109	0	609,088	(560,162)	(141,896)	164,230	7,276,369
	7,212,695	1,596	1,103,979	(560,162)	(123,338)	153,777	7,788,547

Equities transferred into Level 3 were stocks delisted from the stock exchange during the year

2024/25	Market value as at 31 March 2024 £000	Transfers in/out of Level 3 £000	Purchases £000	Sales £000	Unrealised gains (losses) £000	Realised gains (losses) £000	Market value as at 31 March 2025 £000
Equities	8,956	0	0	(320)	1,835	(2,885)	7,586
Equity Funds	0	0	0	0	0	0	0
Private Equity	6,970,852	0	729,073	(578,893)	(88,002)	172,079	7,205,109
Fixed Income Funds	0	0	0	0	0	0	0
	6,979,808	0	729,074	(579,213)	(86,167)	169,194	7,212,695

22. Nature and Extent of Risks Arising From Financial Assets and Liabilities

The Fund's primary long-term risk is that its assets will fall short of its liabilities (i.e. promised benefits payable to members). The aim of investment risk management is to minimise the risk of an overall reduction in the value of the Fund while maximising the opportunity for gains. This is achieved through asset diversification (by asset class, geographical region, sector and fund manager) to reduce exposure to market risk (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 forecasted cashflows. These risks are managed as part of the overall pension fund investment management programme. Responsibility for risk management rests with the Strathclyde Pension Fund Committee. Actuarial and investment consultants are retained to advise on risk. A risk register is maintained and reviewed by the Committee on a regular basis. The Fund's assets are externally managed, and the investment managers adhere to their own risk management strategies.

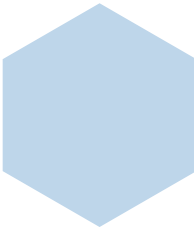
Market Risk

Market risk is the risk of loss from fluctuations in equity prices, interest rates, foreign exchange rates and credit spreads. The Fund is exposed to market risk from its investment activities, particularly through its equity holdings. The level of risk exposure depends on market conditions, expectations of future price and yield movements and the asset mix.

The Fund's investment managers are expected to identify, manage and control market risk exposure within acceptable parameters whilst optimising the return on investments. In general, excessive volatility in market risk is managed through the diversification of the portfolio in terms of geographical and industry sectors and individual securities.

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 security investments present a risk of loss of capital. The Fund's investment managers mitigate this price risk through the diversification of securities and are monitored to ensure they remain within the limits specified in the investment management guidelines



Other Price Risk - Sensitivity Analysis

Following analysis of historical data and expected investment return movement during the financial year, the following movements in market price risk were reasonably possible for the 2026/27 reporting period:

2025/26 Potential Market Movement (+/-)	Asset Type	2026/27 Potential Market Movement (+/-)
16.3%	UK Equities	18.0%
18.6%	Overseas Equities	18.6%
3.2%	Corporate Bonds (short term)	3.1%
6.5%	Corporate Bonds (medium term)	6.3%
n/a	Index Linked Gilts	n/a
26.6%	Private Equity and Infrastructure Funds	27.0%
19.2%	Commodities	26.0%
0.3%	Cash	0.3%
7.6%	Senior Loans	7.4%
2.7%	Absolute Return Bonds	2.7%
15.2%	UK Property	15.9%
10.1%	Total Fund Volatility	11.4%

The potential price changes disclosed above are broadly consistent with a one-standard deviation movement in the value of the assets. The total fund volatility takes into account the expected interactions between the different asset classes shown, based on the underlying volatilities and correlations of the assets, in line with mean variance portfolio theory. The tables below show the change in the net assets available to pay benefits had the market price of the investments increased or decreased in line with the table above

Potential Market Movements

Asset Type	Value as at 31 March 2026 £000	Change %	Value on Increase £000	Value on Decrease £000
Cash and cash equivalents				
Investment portfolio assets:				
UK bonds	3,794	6.3	4,033	3,555
Corporate bonds (Medium term)	0	6.3	0	0
UK equities	954,355	18.0	1,126,139	782,571
Overseas equities	5,821,347	18.6	6,904,118	4,738,577
UK fixed income unit trusts	4,197,003	6.3	4,461,414	3,932,592
Overseas fixed income unit trusts	0	6.3	0	0
UK equity unit trusts	7,355,594	18.0	8,679,601	6,031,587
Overseas equity unit trusts	674,924	18.6	800,460	549,389
Pooled Investment Vehicles	3,241,244	2.7	3,328,757	3,153,730
Cash Funds	1,197,467	0.3	1,201,059	1,193,875
Private Equity and Infrastructure	7,272,569	27.0	9,236,163	5,308,976
Property	2,538,536	15.9	2,942,163	2,134,909
Net derivative assets	43	0.0	43	43
Investment income due	68,737	0.0	68,737	68,737
Pending Spot FX	1	0.0	1	1
Amounts receivable for sales	15,245	0.0	15,245	15,245
Amounts payable for purchases	(96,059)	0.0	(96,059)	(96,059)
Total	33,244,800	11.4	37,034,709	29,454,894

The prior year comparators for 2024/25 are as follows:

Asset Type	Value as at 31 March 2025 £000	Change %	Value on Increase £000	Value on Decrease £000
Cash and cash equivalents				
Investment portfolio assets:				
UK bonds	2,678	6.5	2,852	2,504
Corporate bonds (Medium term)	1	6.5	1	1
UK equities	750,932	16.3	873,334	628,530
Overseas equities	5,451,266	18.6	6,465,201	4,437,330
UK fixed income unit trusts	4,264,668	6.5	4,541,870	3,987,464
Overseas fixed income unit trusts	292,205	6.5	311,199	273,212
UK equity unit trusts	6,103,316	16.3	7,098,157	5,108,476
Overseas equity unit trusts	420,509	18.6	498,724	342,295
Pooled Investment Vehicles	3,057,435	2.7	3,139,986	2,974,885
Cash Funds	1,134,011	0.3	1,137,413	1,130,609
Private Equity and Infrastructure	7,202,431	26.6	9,118,278	5,286,584
Property	2,339,560	15.2	2,695,173	1,983,847
Net derivative assets	-9	0	-9	-9
Investment income due	69,802	0	69,802	69,802
Pending Spot FX	6	0	6	6
Amounts receivable for sales	27,257	0	27,257	27,257
Amounts payable for purchases	-100,098	0	-100,098	-100,098
Total	31,015,970	10.1	34,148,582	27,883,357

Interest Rate Risk

The Fund invests in financial assets with the primary purpose of obtaining a return on investments. These investments are subject to interest rate risks, which represent the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Fund's direct exposure to interest rate movements as at 31 March 2026 and 31 March 2025 is set out below.

As at 31 March 2025	Asset Type	As at 31 March 2026
£000		£000
1,134,011	Cash Balances – Investments	1,197,467

Interest Rate Sensitivity Analysis

Interest rates can vary and can affect both income to the Fund and the value of net assets available to pay benefits. The analysis in the table below assumes that all other variables, in particular exchange rates, remain constant and shows the effect of a +/-100 Basis Points (BPS) change in interest rates on the net assets available to pay benefits.

As at 31				As at 31		
March 2025	+100 BPs	-100 BPs	Asset Type	March 2026	+100 BPs	-100 BPs
£000	£000	£000		£000	£000	£000
1,134,011	1,145,351	1,122,671	Cash Balances - Investments	1,197,467	1,209,442	1,185,492

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 Fund's base currency (GBP). The Fund holds both monetary and non-monetary assets denominated in currencies other than GBP. Investment managers are expected to manage currency risk.

Currency Risk – Sensitivity Analysis

Based on historical analysis of movement in the currencies to which the Fund is exposed, it is considered that an 8.5% fluctuation in currency is reasonable. The table below shows the impact an 8.5% strengthening / weakening of the pound against the various currencies to which the Fund is exposed would have on the net assets available to pay benefits, assuming all other variables, in particular interest rates, remain constant.

Asset Type	As at 31 March	Change %	Value on Increase £000	Value on Decrease £000
	2026 £000			
Overseas quoted equities	5,821,347	8.5	6,316,162	5,326,533
Overseas fixed income funds	0	8.5	0	0
Overseas Infrastructure and venture capital	1,420,088	8.5	1,540,795	1,299,380
Overseas equity funds	674,924	8.5	732,293	617,556
Total	7,916,359		8,589,250	7,243,469

Asset Type	As at 31 March 2025 £000	Change %	Value on Increase £000	Value on Decrease £000
<i>Overseas quoted equities</i>	5,451,266	9.1	5,947,331	4,955,200
<i>Overseas fixed income funds</i>	292,205	9.1	318,796	265,614
<i>Overseas Infrastructure and venture capital</i>	1,558,809	9.1	1,700,661	1,416,957
<i>Overseas equity funds</i>	420,509	9.1	458,776	382,243
Total	7,722,789		8,425,564	7,020,014

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 Fund's financial assets and liabilities. The Fund's cash balances are managed by Northern Trust and are invested in AAA rated money market funds.

23. Long Term Debtor

Long-term debtors of the Fund represent the amount of additional tax charges incurred by members who are in breach of their Lifetime Tax Allowance (LTA) limit. These additional charges have been paid upfront by the Fund and will be reimbursed by these members over a period of time through additional pension deductions.

<i>As at 31 March 2025</i> £000	Long-Term Debtors	<i>As at 31 March 2026</i> £000
1,550	Lifetime Tax Allowance	1,452

24. Current Assets

<i>As at 31 March 2025</i> £000		<i>As at 31 March 2026</i> £000
	Debtors	
28,523	Contributions due – employers	28,532
77,622	Sundry Debtors	60,001
197,333	Cash Balances	136,139
303,478		224,672

25. Current Liabilities

<i>As at 31 March 2025</i> £000		<i>As at 31 March 2026</i> £000
32,362	Sundry creditors	31,474
16,816	Benefits payable	3,209
49,178		34,683

26. Events After the Balance Sheet Date

There were no material events between 31 March 2026 and the date of presenting the Annual Accounts.

27. Transactions with Related Parties

Pension receipts and payments including VAT are transacted using Glasgow City Council's financial systems and the Pension Fund's banking arrangements. Throughout the year the Fund maintains a cash balance for this purpose which is listed as 'cash deposits' in the Net Assets Statement. During 2025/26 the amount recharged by Glasgow City Council to the Strathclyde Pension Fund for administration costs was £4.389m (2024/25 £3.973m) and £2.2m for bespoke ICT solutions, consumables, postage, printing and support. There is an outstanding debtor of £5.135m between the Council and Strathclyde Pension Fund as at 31 March 2026.

The key management personnel of the Fund are the Director of SPFO, the Chief Investment Officer and the Pension Scheme Manager. Total remuneration including short-term employee benefits and post-employment benefits payable to key management personnel was £400,836 (£367,926 2024/25). Key management personnel had accrued pensions totalling £136,266 (£124,983 2024/25) and lump sums totalling £105,546 (£101,476 2024/25) at the end of the period.

A remuneration report providing disclosures in respect of elected members and chief officers of the Council, including those with authority and responsibility for the Strathclyde Pension Fund is included in Glasgow City Council's Annual Report and [Annual Accounts](#) which are available from the [Council's website](#).

Committee members may also be scheme members under the provisions for Councillor membership or as a result of previous service as employee members. There were no other material transactions with related parties during the year.



28. Contractual Commitments

As at 31 March 2026 the Fund had contractual commitments of £11,758m (£10,873m 2024/25) within its private equity, private debt, infrastructure and global real estate portfolios, of which £3,110m (£2,823m 2024/25) remains undrawn.

29. Contingent Assets and 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. Hymans Robertson 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. SPF had largely completed its McCloud remediation by the end of the financial year. Costs are largely in line with the actuarial allowance.

GMP Equalisation. Remediation adjustments were completed by SPF during 2021. 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 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. Regulation are being brought forward in England & Wales to address this and ensure that all survivors are treated equally with regard to entitlement to survivor benefits. Similar regulations are expected to follow in Scotland.

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. Subsequent to 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 Strathclyde 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, SPF 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.

Employer Breach. In addition to the above legal rulings, there is an employer issue which may lead to some adjustment to assets and liabilities in respect of activity prior to the reporting date. 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.

30. Statement of Investment Principles

In accordance with Regulations 12 and 14 of the Local Government Pension Scheme (Management and Investment of Funds) (Scotland) Regulations 2010 the Fund maintains and publishes a written statement of the principles governing decisions about investments. The statement is available at [Statement of Investment Principles](#).

31. Additional Voluntary Contributions (AVCs)

AVC investments are managed by Prudential and Standard Life. As these are invested separately from the investments of the Fund itself and secure extra benefits only for the AVC contributors on an individual basis, the relevant figures have not been included in the Annual Accounts. Members participating in this arrangement receive an annual statement confirming the amount held in their account and the movements in the year.

Prudential £000	2024/25		Total AVC's £000		Prudential £000	2025/26		Total AVC's £000
	Standard Life £000					Standard Life £000		
66,843	1,096	67,939	Opening Market Value	71,231	942	72,173		
22,916	15	22,931	Contributions Received	14,994	13	15,007		
(21,408)	(242)	(21,650)	Sales of Investments	(6,484)	(206)	(6,690)		
2,880	73	2,953	Change in Market Value	868	62	930		
71,231	942	72,173	Closing Market Value	80,609	811	81,420		

**Note: Prudential 2025/26 figures are estimated as actuals are unavailable at time of publishing. 2024/25 figures have been used for the basis of these estimations.*

Strathclyde Pension Fund Office – key persons

Director:	Richard McIndoe
Chief Investment Officer:	Jacqueline Gillies
Investment Manager:	Richard Keery
Investment Manager:	Lorraine Martin
Pension Scheme Manager:	Linda Welsh
Principal Pensions Officer: (Development)	Nicola Smith
Principal Pensions Officer: (Operations)	Brian Rodden
Principal Pensions Officer (Compliance)	Juan Fernandez
Finance Manager:	Shona MacLean

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